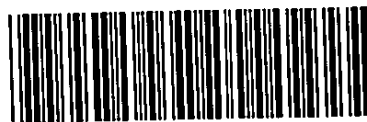


**CANARY WHARF FINANCE LEASING (BP1) LIMITED**  
**Registered Number: 2251540**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

TUESDAY



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28/06/2011  
COMPANIES HOUSE

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# **CANARY WHARF FINANCE LEASING (BP1) LIMITED**

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# **CANARY WHARF FINANCE LEASING (BP1) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

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The directors present their report with the audited financial statements for the year ended 31 December 2010. This report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The company is a wholly owned subsidiary of Canary Wharf Group plc and its ultimate parent undertaking is Songbird Estates plc.

The principal activity of the company during the year was to act as a leasing company.

As shown in the company's profit and loss account, the company's loss after tax for the year was £29,078,185 (2009 profit of £5,424,574).

The balance sheet shows the company's financial position at the year end and indicates that net liabilities were £148,501,031 (2009 £119,422,846). Details of amounts owed to group companies are shown in Note 8.

There have been no significant events since the balance sheet date.

### **DIVIDENDS AND RESERVES**

The profit and loss account for the year ended 31 December 2010 is set out on page 6. No dividends have been paid or proposed (2009 £Nil) and the retained loss of £29,078,185 (2009 profit of £5,424,574) has been transferred from reserves.

### **GOING CONCERN**

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in this Directors' Report. The finances of the company and its liquidity position and borrowings are, where appropriate, also described in this report.

The company is in a net liability position at the year end. Canary Wharf Holdings Limited, the company's parent undertaking, has confirmed that it will provide or procure adequate financial resources to allow the company to continue its operations and has also confirmed that it will make available any funds that may be required for the company to enable it to meet its obligations as they fall due for a period of not less than 12 months from the signing date of the financial statements.

Having made the requisite enquiries, the directors have a reasonable expectation that the company will have adequate resources to continue its operations for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

# **CANARY WHARF FINANCE LEASING (BP1) LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

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### **DIRECTORS**

The directors of the company throughout the year ended 31 December 2010 were

M D Precious  
R J J Lyons

On 20 June 2011, subsequent to the year end, M D Precious resigned as a director of the company and P Stallard was appointed in his place

The company provides an indemnity to all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The company also has in place liability insurance covering the directors and officers of the company. Both the indemnity and insurance were in force during the year ended 31 December 2010 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

Each director holding office at the date of this report has taken all the steps that he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the company's auditors are aware of that information. As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

BY ORDER OF THE BOARD



J R Garwood

Company Secretary

27 June 2011

Registered office  
30th Floor  
One Canada Square  
Canary Wharf  
London  
E14 5AB

Registered Number 2251540

# **CANARY WHARF FINANCE LEASING (BP1) LIMITED**

## **STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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The directors are responsible for preparing the 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting standards have been followed, 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 proper accounting records that 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.

# **CANARY WHARF FINANCE LEASING (BP1) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF FINANCE LEASING (BP1) LIMITED**

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We have audited the financial statements of Canary Wharf Finance Leasing (BP1) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related Notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 (APB's) Ethical Standards for Auditors.

### **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.

### **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 31 December 2010 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

### **Opinion on other matters prescribed by the Companies Act 2006**

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

## **CANARY WHARF FINANCE LEASING (BP1) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF FINANCE LEASING (BP1) LIMITED**

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#### **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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



**Claire Faulkner (Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
**Chartered Accountant and Statutory Auditor**  
London, UK

27 June 2011

# CANARY WHARF FINANCE LEASING (BP1) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

		Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
	Note		
<b>TURNOVER</b>		2,000	2,000
Cost of sales		(1,000)	(1,000)
<b>GROSS PROFIT</b>		1,000	1,000
<b>OPERATING PROFIT</b>	2	1,000	1,000
Interest receivable and similar income	3	9,538,564	15,117,334
Interest payable and similar charges	4	(9,538,562)	(15,117,331)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,002	1,003
Tax on profit on ordinary activities	5	(29,079,187)	5,423,571
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR</b>	11	(29,078,185)	5,424,574

Movements in reserves are shown in Note 11 of these financial statements

All amounts relate to continuing activities in the United Kingdom

There were no recognised gains and losses for the year ended 31 December 2010 or the year ended 31 December 2009 other than those included in the profit and loss account

The Notes on pages 8 to 15 form an integral part of these financial statements



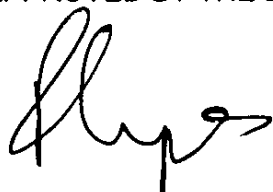
# CANARY WHARF FINANCE LEASING (BP1) LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	31 December 2010 £	31 December 2009 £
<b>FIXED ASSETS</b>			
Tangible assets	6	5,000	5,000
<b>CURRENT ASSETS</b>			
Debtors	7		
Amounts falling due after one year		553,450,306	556,036,578
Amounts falling due within one year		40,384	43,298
Cash at bank		4,539	4,537
		553,495,229	556,084,413
<b>CREDITORS: Amounts falling due within one year</b>	8	(553,192,683)	(555,782,869)
<b>NET CURRENT ASSETS</b>		302,546	301,544
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		307,546	306,544
Provision for liabilities	9	(148,808,577)	(119,729,390)
<b>NET LIABILITIES</b>		(148,501,031)	(119,422,846)
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	10	1,000	1,000
Profit and loss account	11	(148,502,031)	(119,423,846)
<b>SHAREHOLDER'S DEFICIT</b>	12	(148,501,031)	(119,422,846)

The Notes on pages 8 to 15 form an integral part of these financial statements

APPROVED BY THE BOARD ON 27 JUNE 2011 AND SIGNED ON ITS BEHALF BY



R J J LYONS  
DIRECTOR

# **CANARY WHARF FINANCE LEASING (BP1) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

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### **1. PRINCIPAL ACCOUNTING POLICIES**

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the year and the preceding year, is set out below

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared on the going concern basis as described in the Directors' Report.

In accordance with the provisions of FRS 1 (Revised) the company is exempt from the requirements to prepare a cash flow statement, as it is a wholly-owned subsidiary of Canary Wharf Group plc, which has prepared a consolidated cash flow statement.

#### **Turnover**

Turnover represents rents receivable net of VAT and is recognised on an accruals basis in the period in which the rents become due.

#### **Interest receivable and interest payable**

Interest receivable and payable are recognised on an accruals basis in the period in which they fall due.

#### **Investment properties**

Investment properties are revalued annually and in accordance with SSAP 19 (Accounting for Investment Properties) no provision is made for depreciation. This departure from the requirements of the statutory accounting rules, which requires all properties to be depreciated, is, in the opinion of the directors, necessary for the accounts to show a true and fair view. Depreciation is only one of the factors reflected in the annual valuation and the amount attributable to this factor is not capable of being separately identified or quantified. Surpluses or deficits are transferred to the revaluation reserve, unless a deficit exceeds previous surpluses recognised on the same property, in which case the excess is charged to the profit and loss account.

#### **Leases**

Rentals payable under operating leases are charged to the profit and loss account in the period in which the rents become due.

Where lease incentives, including rent free periods, are received upon entering into the lease, the benefit is recognised as an adjustment to rents payable allocated evenly over the lease term or the term to the first open market rent review if earlier.

#### **Finance lease agreements**

Amounts due from lessees under finance leases are recognised as receivables at the net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

# **CANARY WHARF FINANCE LEASING (BP1) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

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### **Trade and other debtors**

Debtors are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor concerned.

### **Debt**

Debt instruments are stated initially at the amount of the net proceeds. The finance costs of such debt instruments are allocated to periods over the term of the debt at a constant rate on the carrying amount. The carrying amount is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debt of that period. Finance costs are charged to the profit and loss account.

### **Taxation**

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. The company is part of a UK group for group relief purposes and accordingly may take advantage of the group relief provisions whereby current taxable profits can be offset by current tax losses arising in other companies in that group. The group's policy is that no payment will be made for tax losses surrendered under the group relief provisions.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the corporation tax return.

Under FRS 19 deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a discounted basis to reflect the time value of money over the period between the balance sheet date and the dates on which it is estimated that the timing differences will reverse, or where the timing differences are not expected to reverse, a period not exceeding 50 years. Discount rates of 0.4% to 2.5% have been adopted reflecting the post-tax yield to maturity that can be obtained on government bonds with similar maturity dates and currencies to those of the deferred tax assets or liabilities.

# CANARY WHARF FINANCE LEASING (BP1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 2. OPERATING PROFIT

None of the directors received any emoluments in respect of their services to the company during the year or the prior year

No staff were employed by the company during the year or the prior year

Auditors' remuneration of £500 (2009 £500) for the audit of the company has been borne by another group undertaking

### 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Bank interest receivable	2	3
Finance lease income from fellow subsidiary undertaking	9,538,562	15,117,331
	<u>9,538,564</u>	<u>15,117,334</u>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Interest payable to group undertakings	9,538,562	15,117,331

### 5. TAXATION

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Current tax		
UK Corporation tax (see below)	<u>—</u>	<u>—</u>
Deferred tax		
Origination and reversal of timing differences	33,892,231	(5,045,852)
Net effect of discount	(4,813,044)	(377,719)
Total deferred tax (Note 9)	<u>29,079,187</u>	<u>(5,423,571)</u>

## CANARY WHARF FINANCE LEASING (BP1) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Tax reconciliation		
Profit on ordinary activities before tax	<u>1,002</u>	<u>1,003</u>
Tax on profit on ordinary activities at UK corporation tax rate of 28%	281	281
Effects of Other timing differences	<u>(281)</u>	<u>(281)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

No provision for corporation tax has been made since the taxable profit for the year will be covered by the group relief expected to be made available to the company by other companies in the group. No charge will be made by other group companies for the surrender of group relief. There is no unprovided deferred taxation.

#### 6. TANGIBLE FIXED ASSETS

	<b>Leasehold Investment Property £</b>
<b>VALUATION</b>	
At 1 January 2010 and 31 December 2010	<u>5,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2010	<u>5,000</u>
At 31 December 2009	<u>5,000</u>

As at 31 December 2010 the company's leasehold property interest was valued by the group's external property advisers, CB Richard Ellis Limited, Surveyors and Valuers, on the basis of Market Value in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors. No allowance was made for any expenses of realisation nor for any taxation which might arise in the event of disposal.

## CANARY WHARF FINANCE LEASING (BP1) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

---

#### 7. DEBTORS

	31 December 2010 £	31 December 2009 £
Due within one year Amounts owed by fellow subsidiary undertakings	<u>40,384</u>	<u>43,298</u>
Due in more than one year Finance Lease receivables	<u>553,450,306</u>	<u>556,036,578</u>

The amount at which finance lease debtors are stated comprises

	31 December 2010 £	31 December 2009 £
At 1 January	556,036,578	557,719,840
Finance lease rents received	(12,124,834)	(16,800,593)
Finance lease income	<u>9,538,562</u>	<u>15,117,331</u>
At 31 December	<u>553,450,306</u>	<u>556,036,578</u>

The finance lease receivables are from a fellow subsidiary undertaking

# CANARY WHARF FINANCE LEASING (BP1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 8. CREDITORS: Amounts falling due within one year

	31 December 2010 £	31 December 2009 £
Loan from fellow subsidiary undertaking	553,192,683	555,778,955
Amount owed to fellow subsidiary undertaking	–	3,914
	<u>553,192,683</u>	<u>555,782,869</u>

The loan from a fellow subsidiary undertaking bears interest at a rate linked to LIBOR, subject to certain caps, and is repayable on demand

### 9. PROVISION FOR LIABILITIES

#### Deferred taxation

	31 December 2010 £	31 December 2009 £
Accelerated capital allowances	149,434,283	155,693,042
Undiscounted deferred tax liability	149,434,283	155,693,042
Discount	(625,706)	(35,963,652)
Discounted deferred tax liability	<u>148,808,577</u>	<u>119,729,390</u>
Brought forward	119,729,390	125,152,961
Deferred tax charge/(credit) in profit and loss account for the period	29,079,187	(5,423,571)
Carried forward	<u>148,808,577</u>	<u>119,729,390</u>

The Finance Act 2010, which provides for a reduction in the main rate of corporation tax from 28% to 27% effective from 1 April 2010, was substantially enacted on 21 July 2010. The impact of the rate reduction has been to reduce the deferred tax liability provided at 31 December 2010 by £5,511,428.

The provision for deferred tax relates to Enterprise Zone Allowance claims made in previous years. In accordance with FRS 19, a provision for deferred tax is included until the conditions for retaining the allowances are met. The Finance Act 2010 altered the conditions for retaining the Enterprise Zone Allowances and so, providing the company's investment property is not sold during 2011, the new conditions will be met by 31 December 2011.

# CANARY WHARF FINANCE LEASING (BP1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 10. CALLED-UP SHARE CAPITAL

Allotted, called up and fully paid:

	31 December 2010	31 December 2009
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

### 11. RESERVES

	Profit and loss account
	£
At 1 January 2010	(119,423,846)
Loss for the year	<u>(29,078,185)</u>
At 31 December 2010	<u>(148,502,031)</u>

### 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	Year Ended 31 December 2010	Year Ended 31 December 2009
	£	£
Opening shareholders' deficit	(119,422,846)	(124,847,420)
(Loss)/profit for the year	<u>(29,078,185)</u>	<u>5,424,574</u>
Closing shareholders' deficit	<u>(148,501,031)</u>	<u>(119,422,846)</u>

### 13. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

As at 31 December 2010 and 31 December 2009 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings

The company has annual commitments of £1,000, which expire after more than five years, in respect of operating leases on land and buildings



# **CANARY WHARF FINANCE LEASING (BP1) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010**

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### **14. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS**

The company's immediate parent undertaking is Canary Wharf Holdings Limited

As at 31 December 2010, the smallest group of which the company is a member and for which group financial statements are drawn up is the consolidated financial statements of Canary Wharf Group plc. The largest group of which the company is a member for which group financial statements are drawn up is the consolidated financial statements of Songbird Estates plc, the ultimate parent undertaking and controlling party. Copies of the financial statements of both companies may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB.

The directors have taken advantage of the exemption in paragraph 3(c) of FRS 8 allowing the company not to disclose related party transactions with respect to other group companies.