

CANARY WHARF INVESTMENTS (THREE)
Registered Number: 2455786

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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CANARY WHARF INVESTMENTS (THREE)

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CANARY WHARF INVESTMENTS (THREE)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report with the audited financial statements for the year ended 31 December 2013. The company qualifies as a small company under section 382 of the Companies Act 2006 and accordingly has not produced a Strategic Report.

PRINCIPAL ACTIVITIES

The company holds leasehold interests in One Canada Square and 10 Cabot Square, Canary Wharf.

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 31 December 2013 is set out on page 5. Dividends of £930,000 (2012: £910,000) have been paid during the year and the retained loss of £458,502 (2012: profit of £28,520) has been transferred from reserves.

DIRECTORS

The directors of the company throughout the year ended 31 December 2013 were:

A P Anderson II
Sir George Iacobescu CBE
R J J Lyons


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 2013 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 THE AUDITOR

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 auditor is aware of that information. As far as the directors are aware, there is no relevant audit information of which the company's auditor is 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


..... Company Secretary
J R Garwood

27 June 2014

Registered office:
30th Floor
One Canada Square
Canary Wharf
London
E14 5AB
Registered Number: 2455786

CANARY WHARF INVESTMENTS (THREE)

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

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; 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.

CANARY WHARF INVESTMENTS (THREE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF INVESTMENTS (THREE)

We have audited the financial statements of Canary Wharf Investments (Three) for the year ended 31 December 2013 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 Statement of Directors' Responsibilities, 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.

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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is 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.

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 2013 and of its profit 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.

CANARY WHARF INVESTMENTS (THREE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF INVESTMENTS (THREE)

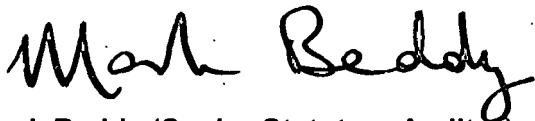
Opinion on other matters prescribed by the Companies Act 2006

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.

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 Strategic Report and the Directors' Report.



Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountant and Statutory Auditor
LONDON, UK

27 June 2014

CANARY WHARF INVESTMENTS (THREE)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Year Ended 31 December 2013 £	Year Ended 31 December 2012 £
TURNOVER		13,000	13,000
Cost of sales		(338)	(2,017)
GROSS PROFIT		12,662	10,983
Exceptional administrative expenses:			
Provision against fixed asset		–	(600)
OPERATING PROFIT	2	12,662	10,383
Exceptional item:			
Profit on sale of fixed asset	7	600	–
Interest receivable and similar income	3	467,327	938,049
Interest payable and similar charges	4	(9,091)	(9,912)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		471,498	938,520
Tax on profit on ordinary activities	5	–	–
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	11	471,498	938,520

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 2013 or the year ended 31 December 2012 other than those included in the profit and loss account.

The Notes on pages 7 to 12 form an integral part of these financial statements.

CANARY WHARF INVESTMENTS (THREE)

BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	31 December 2013 £	31 December 2012 £
FIXED ASSETS			
Tangible assets	7	137,000	173,700
CURRENT ASSETS			
Debtors	8	118,229,218	120,687,810
CREDITORS: Amounts falling due within one year	9	(175,978)	(2,212,768)
NET CURRENT ASSETS		118,053,240	118,475,042
TOTAL ASSETS LESS CURRENT LIABILITIES		118,190,240	118,648,742
NET ASSETS		118,190,240	118,648,742
CAPITAL AND RESERVES			
Called-up share capital	10	117,660,000	117,660,000
Profit and loss account	11	530,240	988,742
SHAREHOLDERS' FUNDS	12	118,190,240	118,648,742

The Notes on pages 7 to 12 form an integral part of these financial statements.

APPROVED BY THE BOARD ON 27 JUNE 2014 AND SIGNED ON ITS BEHALF BY:



R J J LYONS
DIRECTOR

CANARY WHARF INVESTMENTS (THREE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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.

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

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.

Dividends

Dividend distributions to the company's shareholders are recognised in the financial statements in the period in which the dividends are paid or approved by the company's shareholders.

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.

CANARY WHARF INVESTMENTS (THREE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Trade and other creditors

Trade and other creditors are stated at cost.

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.

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 £750 (2012: £788) for the audit of the company has been borne by another group undertaking.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2013 £	Year Ended 31 December 2012 £
Interest receivable from group undertakings	<u>467,327</u>	<u>938,049</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2013 £	Year Ended 31 December 2012 £
Interest payable to group undertakings	<u>9,091</u>	<u>9,912</u>

CANARY WHARF INVESTMENTS (THREE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5. TAXATION

	Year Ended 31 December 2013 £	Year Ended 31 December 2012 £
Tax reconciliation:		
Profit on ordinary activities before tax	<u>471,498</u>	<u>938,520</u>
Tax on profit on ordinary activities at UK corporation tax rate of 23.25% (2012: 24.5%)	109,623	229,937
Effects of:		
Provision against property interests	—	147
Capital allowances	(140)	—
Group relief	<u>(109,483)</u>	<u>(230,084)</u>
Current tax charge for the year	<u>—</u>	<u>—</u>

The tax rate of 23.25% has been calculated by reference to the current corporation tax rate of 23% which was in effect for the final three quarters of the year and the previous rate of 24% which was in effect for the first quarter of the year.

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. DIVIDENDS

	Year Ended 31 December 2013 £	Year Ended 31 December 2012 £
Dividends paid during the year (0.79 pence per share) (2012: 0.77 pence per share)	<u>930,000</u>	<u>910,000</u>

CANARY WHARF INVESTMENTS (THREE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. TANGIBLE FIXED ASSETS

	Long Leasehold Properties £
COST	
At 1 January 2013	310,000
Disposals	(75,000)
At 31 December 2013	235,000
PROVISION	
At 1 January 2013	136,300
Disposals	(38,300)
At 31 December 2013	98,000
NET BOOK VALUE	
At 31 December 2013	137,000
At 31 December 2012	173,700

On 28 February 2013, the company sold its leasehold interest in 7 Westferry Circus, Canary Wharf to a fellow subsidiary undertaking for a consideration of £37,300. This gave rise to a profit on disposal of £600, which has been taken to the profit and loss account and treated as an exceptional item.

As at 31 December 2013 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.

8. DEBTORS

	31 December 2013 £	31 December 2012 £
Loan to fellow subsidiary undertaking	118,229,218	120,687,810

The loan to a fellow subsidiary undertaking is repayable on demand and carries interest at a rate linked to LIBOR.

CANARY WHARF INVESTMENTS (THREE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

9. CREDITORS: Amounts falling due within one year

	31 December 2013 £	31 December 2012 £
Loan from fellow subsidiary undertaking	–	1,986,828
Amount owed to fellow subsidiary undertaking	175,978	211,940
Accruals and deferred income	–	14,000
	<u>175,978</u>	<u>2,212,768</u>

The loan, from a fellow subsidiary undertaking bears interest at a rate linked to LIBOR and was repaid during the year.

10. CALLED-UP SHARE CAPITAL

Allotted, called up and fully paid:

	31 December 2013 £	31 December 2012 £
117,660,000 Ordinary shares of £1 each	<u>117,660,000</u>	<u>117,660,000</u>

11. RESERVES

	Profit and loss account £
At 1 January 2013	988,742
Profit for the year	471,498
Dividends	(930,000)
At 31 December 2013	<u>530,240</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2013 £	31 December 2012 £
Opening shareholders' funds	118,648,742	118,620,222
Profit for the year	471,498	938,520
Dividends paid	(930,000)	(910,000)
Closing shareholders' funds	<u>118,190,240</u>	<u>118,648,742</u>

CANARY WHARF INVESTMENTS (THREE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

13. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

As at 31 December 2013 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 £17, which expire after more than five years, in respect of operating leases on land and buildings.

14. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company's immediate parent undertaking is Canary Wharf Investments (Two) Limited.

As at 31 December 2013, 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.