

CANARY WHARF HOLDINGS LIMITED
Registered Number. 2798284

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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CANARY WHARF HOLDINGS LIMITED

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CANARY WHARF HOLDINGS LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report with the audited financial statements for the year ended 31 December 2009

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 is to act as a holding company for the Canary Wharf Holdings Limited group (the 'CWHL Group') which is involved in property development, investment and management. All activities take place within the United Kingdom. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the coming year.

As shown in the company's profit and loss account, the company's profit after tax for the year was £301,012,769 (2008 £43,019,077)

The balance sheet shows the company's financial position at the year end and indicates that net assets were £1,357,024,362 (2008 £1,233,002,025). Details of amounts owed to group companies are shown in Note 8.

The Canary Wharf Group (comprising Canary Wharf Group plc and its subsidiaries) manages its operations on a unified basis. For this reason, the company's directors believe that key performance indicators specific to the company are not necessary or appropriate for an understanding of the development, performance or position of its business. The performance of the Canary Wharf Group, which includes the company, is discussed in the Annual Report of Canary Wharf Group plc, which does not form part of this report.

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 2009 is set out on page 7. No dividends have been paid or proposed (2008 £Nil) and the retained profit of £301,012,769 (2008 profit of £43,019,077) has been transferred to reserves.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position (including the principal risks and uncertainties), 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 asset position at the year end. In addition, as a member of the Canary Wharf Group, the company has access to considerable resources.

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 HOLDINGS LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

DIRECTORS

The directors of the company throughout the year ended 31 December 2009 were

A P Anderson II
G Iacobescu
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 2009 and at the time of the approval of this Directors' Report. Neither the indemnity or the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

PRINCIPAL RISKS AND UNCERTAINTIES

As a member of the Canary Wharf Group the key risks facing the company include the cyclical nature of the property market, financing risk and concentration risk.

Cyclical Nature of the Property Market

The valuation of Canary Wharf Group's assets is subject to many external economic and market factors. The turmoil in the financial markets during 2008 and 2009 was reflected in the property market by such factors as the oversupply of available space in the office market, a significant decline in tenant demand for space in London and a change in the market perception of property as an investment resulting in a negative impact on property valuations in general. In the latter half of 2009 and since the year end there have been signs of a tightening of supply which has resulted in an increase in valuations and a compression of yields. Changes in financial and property markets are kept under constant review so that the company can react appropriately. The impact of the ongoing uncertainty in the financial and property markets continues to be closely monitored.

Financing Risk

The broader economic cycle inevitably leads to movements in inflation, interest rates and bond yields. The company finances its operations largely through surplus cash and intercompany finance. The ongoing financial markets' uncertainty continues to significantly limit the availability of funding. In common with other UK property companies, such lack of financing facilities may have an impact on the business of Canary Wharf Group if the lending markets remain limited for the foreseeable future.

Concentration Risk

The majority of Canary Wharf Group's real estate assets, including the assets of the company, are currently located on or adjacent to the Canary Wharf Estate, with tenants that are mainly linked to the financial services industry. Wherever possible steps are taken to mitigate or avoid material consequences arising from this concentration.

The principal risks facing the Canary Wharf Group are discussed in the Annual Report of Canary Wharf Group plc, which does not form part of this report.

CANARY WHARF HOLDINGS LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

POLICY ON THE PAYMENT OF CREDITORS

In respect of the company's suppliers it is the company's policy to settle the terms of payment with those suppliers when agreeing the terms of each transaction, ensure that those suppliers are made aware of the terms of payment and abide by the terms of payment

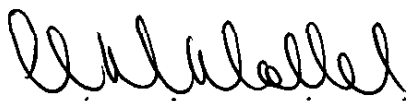
The company had no outstanding trade creditors at 31 December 2009 or 31 December 2008

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



Joint Secretary

25 June 2010

A M Holland

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

Registered Number 2798284

CANARY WHARF HOLDINGS LIMITED

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 estimates that are reasonable and prudent,

state whether applicable accounting standards 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 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 HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF HOLDINGS LIMITED

We have audited the financial statements of Canary Wharf Holdings Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related Notes 1 to 13. 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 auditors' 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 auditors

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 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 2009 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.

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.

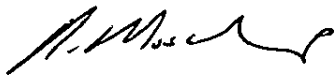
CANARY WHARF HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF HOLDINGS LIMITED

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



Richard Muschamp (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK

25 June 2010

CANARY WHARF HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Income from fixed asset investments	6	301,201,878	70,970,815
GROSS PROFIT		301,201,878	70,970,815
Administrative expenses before exceptional items		(8,450)	(19,062)
Exceptional items			
Waiver of group debtors	7	(9,972,978)	(5,004,100)
Provision against group debtors	7	112,917	(11,042,566)
OPERATING PROFIT	2	291,333,367	54,905,087
Interest receivable and similar income	3	729,402	219,124
Interest payable and similar charges	4	—	(3,155,134)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		292,062,769	51,969,077
Tax on profit on ordinary activities	5	8,950,000	(8,950,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	10	301,012,769	43,019,077

Movements in reserves are shown in Note 10 of these financial statements

All amounts relate to continuing activities in the United Kingdom

The Notes on pages 10 to 16 form an integral part of these financial statements

CANARY WHARF HOLDINGS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2009

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Profit for the financial year	301,012,769	43,019,077
Unrealised (deficit)/surplus on revaluation of Fixed asset investments	(176,990,433)	285,244,193
Total recognised gains relating to the year	<u>124,022,336</u>	<u>328,263,270</u>

The Notes on pages 10 to 16 form an integral part of these financial statements

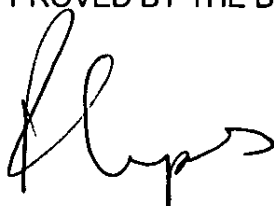
CANARY WHARF HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	31 December 2009 £	31 December 2008 £
FIXED ASSETS			
Investments	6	<u>1,039,824,294</u>	<u>1,216,814,727</u>
CURRENT ASSETS			
Debtors	7	332,014,591	40,937,568
Cash at bank		<u>230,568</u>	<u>230,069</u>
		332,245,159	41,167,637
CREDITORS: Amounts falling due within one year	8	<u>(15,045,091)</u>	<u>(24,980,339)</u>
NET CURRENT ASSETS		<u>317,200,068</u>	<u>16,187,298</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,357,024,362</u>	<u>1,233,002,025</u>
NET ASSETS		<u>1,357,024,362</u>	<u>1,233,002,025</u>
CAPITAL AND RESERVES			
Called-up share capital	9	405,105,001	405,105,001
Revaluation reserve	10	595,333,171	772,323,603
Profit and loss account	10	<u>356,586,190</u>	<u>55,573,421</u>
SHAREHOLDERS' FUNDS	11	<u>1,357,024,362</u>	<u>1,233,002,025</u>

The Notes on pages 10 to 16 form an integral part of these financial statements

APPROVED BY THE BOARD ON 25 JUNE 2010 AND SIGNED ON ITS BEHALF BY



R J J LYONS
DIRECTOR

CANARY WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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, modified to include the revaluation of properties 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.

Income from investments

Investment income comprises dividends paid by the company's subsidiary undertakings during the accounting period.

Interest receivable and interest payable

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

Investments

Investments in subsidiary undertakings are stated in the company's balance sheet at the net asset value of the subsidiaries before the provision for deferred tax. Increases or decreases in the net asset value of the subsidiaries are taken to the revaluation reserve other than any provision for impairment which is charged to the profit and loss account. The directors consider that this policy presents fairly the company's investment in its subsidiaries.

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.

Trade and other creditors

Trade and other creditors are stated at cost.

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.

CANARY WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

2. OPERATING PROFIT

Operating profit is stated after charging

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Remuneration of the auditors		
Audit fees for the audit of the company	3,000	3,000

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

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Bank interest receivable	499	4,219
Interest receivable from group undertakings	728,903	214,905
	<u>729,402</u>	<u>219,124</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Interest payable to group undertakings	<u>—</u>	<u>3,155,134</u>

CANARY WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

5. TAXATION

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Current tax		
UK corporation tax	–	8,950,000
Over/under provision in prior year	(8,950,000)	–
Total current tax	<u>(8,950,000)</u>	<u>8,950,000</u>
Tax reconciliation		
Profit on ordinary activities before tax	<u>292,062,769</u>	<u>51,969,077</u>
Tax on profit on ordinary activities at UK corporation tax rate of 28% (2008 28.5%)	81,777,575	14,811,187
Effects of		
Over/under provision in prior year	(8,950,000)	–
Items not chargeable to tax	(84,368,142)	(20,226,682)
Expenses not deductible for tax purposes	2,792,434	–
Tax losses and other timing differences	(201,867)	14,365,495
Current tax charge for the year	<u>(8,950,000)</u>	<u>8,950,000</u>

The tax rate for the prior year of 28.5% was calculated by reference to the current corporation tax rate of 28% which was in effect for the final three quarters of that year and the previous rate of 30% which was in effect for the first quarter of that 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.

CANARY WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

6. INVESTMENTS

Fixed asset investments

	£
At 1 January 2009	1,216,814,727
Revaluations	(176,990,433)
At 31 December 2009	<u>1,039,824,294</u>

On a historical cost basis, investments would have been included as follows

At 31 December 2009	<u>444,491,124</u>
At 31 December 2008	<u>444,491,124</u>

At 31 December 2009 the company's principal subsidiary undertakings were as follows

Name	Description of shares held	Principal activities
Canary Wharf Contractors Limited	Ordinary £1 shares	Property contractors
Canary Wharf Finance (Investments) Limited	Ordinary £1 shares	Investment holding
Canary Wharf Investments Limited	Ordinary £1 shares and deferred £1 shares	Property investment
Canary Wharf Limited	Ordinary £1 shares and redeemable preferred ordinary £1 shares	Property development
Canary Wharf Telecoms Limited	Ordinary £1 shares	Telecommunication services
CW Finance Holdings II Limited	Ordinary £1 shares	Finance company
CWBC Finance (BP1) Limited	Ordinary £1 shares	Finance company
CWCB Finance II Limited	Ordinary £1 shares	Finance company
CWCB Holdings Limited	Ordinary £1 shares	Investment holding
CWG (Wood Wharf) Holdings Limited	Ordinary £1 shares	Investment holding
Heron Quays Properties Limited	Ordinary £1 shares	Property development
Norquil Limited	Ordinary £1 shares	Property development

The above are wholly owned subsidiaries registered in England and Wales. A complete list of the company's subsidiary undertakings will be appended when the company submits its annual return.

Dividends totalling £301,201,878 (2008 £70,970,815) were paid by the company's subsidiaries during the year ended 31 December 2009.

In accordance with section 400 of the Companies Act 2006, financial information is only presented in these financial statements about the company as an individual undertaking and not about its group because the company and its subsidiary undertakings are included in the consolidated financial statements of a larger group (Note 13).

The directors are of the opinion that the value of the company's investments at 31 December 2009 was not less than the amount shown in the company's balance sheet.

CANARY WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

7. DEBTORS

	31 December 2009 £	31 December 2008 £
Amount owed by subsidiary undertaking	27,373,418	38,802,099
Loan to subsidiary undertaking	303,433,370	2,135,469
Corporation tax repayable	1,207,803	—
	<u>332,014,591</u>	<u>40,937,568</u>

The loan to a subsidiary undertaking carries interest at a rate of 10% subject to certain caps and is repayable on demand

At 31 December 2009 the company had recognised a provision against its loan to a subsidiary undertaking which was in a net liability position at the year end of £10,929,649 (2008 11,042,566) The movement in the provision of £112,917 has been taken to the profit and loss account and treated as an exceptional item

On 30 December 2009, the company waived four outstanding balances with subsidiary undertakings totalling £9,972,978 This has been taken to the profit and loss account and treated as an exceptional item

8. CREDITORS: Amounts falling due within one year

	31 December 2009 £	31 December 2008 £
Amount owed to parent undertaking	872,070	1,720,771
Amounts owed to subsidiary undertakings	14,170,021	14,271,898
Corporation tax	—	8,950,000
Accruals and deferred income	3,000	37,670
	<u>15,045,091</u>	<u>24,980,339</u>

CANARY WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

9. CALLED-UP SHARE CAPITAL

Authorised share capital:

	31 December 2009 £	31 December 2008 £
405,115,000 Ordinary shares of £1 each	405,115,000	405,115,000
95,000,000 Preferred redeemable ordinary shares of £1 each	95,000,000	95,000,000
	<u>500,115,000</u>	<u>500,115,000</u>

Allotted, called up and fully paid:

	31 December 2009 £	31 December 2008 £
405,105,001 Ordinary shares of £1 each	<u>405,105,001</u>	<u>405,105,001</u>

10. RESERVES

	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2009	772,323,603	55,573,421	827,897,024
Profit for the year	–	301,012,769	301,012,769
Revaluation of fixed assets	(176,990,432)	–	(176,990,432)
At 31 December 2009	<u>595,333,171</u>	<u>356,586,190</u>	<u>951,919,361</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2009 £	31 December 2008 £
Opening shareholders' funds	1,233,002,025	904,738,755
Profit for the year	301,012,769	43,019,077
Revaluation	(176,990,432)	285,244,193
Closing shareholders' funds	<u>1,357,024,362</u>	<u>1,233,002,025</u>

12. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

As at 31 December 2009 the company had given guarantees in respect of the performance of certain other group undertakings under certain agreements for lease

CANARY WHARF HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

13. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

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

As at 31 December 2009, 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.