

CWCB FINANCE LEASING (DS7B) LIMITED
Registered Number: 3025274

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 2 FEBRUARY 2006 TO 31 DECEMBER 2006

SATURDAY



AUKLBRFQ

A09 21/07/2007 501
COMPANIES HOUSE

WED

A46 04/07/2007 409
COMPANIES HOUSE

CWCB FINANCE LEASING (DS7B) LIMITED

FINANCIAL STATEMENTS

CONTENTS

	PAGE
Directors' Report	1
Statement of the Directors' Responsibilities in Respect of the Financial Statements	3
Independent Auditors' Report	4
Profit and Loss Account	6
Statement of Total Recognised Gains and Losses	7
Balance Sheet	8
Notes to the Financial Statements	9

CWCB FINANCE LEASING (DS7B) LIMITED

THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006

The directors present their report with the audited financial statements for the period ended 31 December 2006. This report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

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 profit after tax for the period was £630,762 (2006 £3,098,496).

The balance sheet shows the company's financial position at the period end and indicates that net liabilities were £20,302,359 (2006 £20,933,121).

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 period ended 31 December 2006 is set out on page 6. No dividends have been paid or proposed (2006 £57,510,000) and the retained profit of £630,762 (2006 loss of £54,411,504) has been transferred to reserves.

FINANCIAL POSITION

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

DIRECTORS

The directors of the company throughout the period ended 31 December 2006 were

M Precious
R J J Lyons

The group has in place liability insurance covering the directors and other officers of group companies.

CWCB FINANCE LEASING (DS7B) LIMITED

THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006

DIRECTORS' INTERESTS

Details of the interests in and options to subscribe for shares in Songbird Estates plc of R J J Lyons are disclosed in the financial statements of Canary Wharf Estate Limited

Details of the interests in and options to subscribe for shares in Songbird Estates plc of M D Precious are disclosed in note 6

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.

AUDITORS

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the company in general meeting and the appointment of auditors annually are currently in force. The auditors, Deloitte & Touche LLP, will therefore be deemed to have been reappointed at the end of the period of 28 days, beginning the day on which copies of this report and financial statements are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

BY ORDER OF THE BOARD



J R Garwood

Company Secretary

28 June 2007

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

CWCB FINANCE LEASING (DS7B) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent,

state whether applicable UK Accounting Standards 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 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 1985. 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.

CWCB FINANCE LEASING (DS7B) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CWCB FINANCE LEASING (DS7B) LIMITED

We have audited the financial statements of CWCB Finance Leasing (DS7B) Limited for the period from 2 February 2006 to 31 December 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

CWCB FINANCE LEASING (DS7B) LIMITED

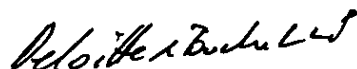
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CWCB FINANCE LEASING (DS7B) LIMITED

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the company's affairs as at 31 December 2006 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

28 June 2007

CWCB FINANCE LEASING (DS7B) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2006

		Period from 2 February 2006 to 31 December 2006	Period from 1 January 2005 to 1 February 2006 As restated
	Note	£	£
TURNOVER		174,138	–
Cost of sales		(174,138)	–
GROSS PROFIT		–	–
Administrative expenses		–	(3,267)
OPERATING LOSS	3	–	(3,267)
Interest receivable and similar income	4	6,770,682	7,290,020
Interest payable and similar charges	5	(6,770,682)	(187,107)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		–	7,099,646
Tax on profit on ordinary activities	7	630,762	(4,001,150)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD	13	<u>630,762</u>	<u>3,098,496</u>

Movements in reserves are shown in Note 13 of these financial statements

All amounts relate to continuing activities in the United Kingdom

There were no recognised gains and losses for the period ended 31 December 2006 or the period ended 1 February 2006 other than those included in the profit and loss account

The notes on pages 9 to 17 form an integral part of these financial statements

CWCB FINANCE LEASING (DS7B) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 31 DECEMBER 2006

	Period from 2 February 2006 to 31 December 2006 £	Period from 1 January 2005 to 1 February 2006 As restated £
Profit for the financial period	630,762	3,098,496
Total recognised gains and losses relating to the period	<u>630,762</u>	<u>3,098,496</u>
Prior period adjustment (see note 2)	<u>(21,084,183)</u>	
Total gains and losses recognised since the last financial statements	<u>(20,453,421)</u>	

The notes on pages 9 to 17 form an integral part of these financial statements

CWCB FINANCE LEASING (DS7B) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

		31 December 2006	1 February 2006 As restated
	Note	£	£
CURRENT ASSETS			
Debtors	9		
Amounts falling due after one year		112,208,161	112,345,380
Amounts falling due within one year		—	15,665
		<u>112,208,161</u>	<u>112,361,045</u>
CREDITORS: Amounts falling due within one year	10	<u>(112,057,099)</u>	<u>(112,209,983)</u>
NET CURRENT ASSETS		<u>151,062</u>	<u>151,062</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>151,062</u>	<u>151,062</u>
Provisions for liabilities	11	<u>(20,453,421)</u>	<u>(21,084,183)</u>
NET LIABILITIES		<u>(20,302,359)</u>	<u>(20,933,121)</u>
CAPITAL AND RESERVES			
Called-up share capital	12	1,000	1,000
Profit and loss account	13	<u>(20,303,359)</u>	<u>(20,934,121)</u>
SHAREHOLDER'S DEFICIT	14	<u>(20,302,359)</u>	<u>(20,933,121)</u>

The notes on pages 9 to 17 form an integral part of these financial statements

APPROVED BY THE BOARD ON 28 JUNE 2007 AND SIGNED ON ITS BEHALF BY



R J J LYONS
DIRECTOR

CWCB FINANCE LEASING (DS7B) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

1. PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies of the company is set out below. With the exception for the accounting treatment for finance lease receivables and deferred tax (Note 2), all accounting policies have been applied consistently throughout the period and the preceding period. The comparatives for the period ended 1 February 2006 have been restated to comply with the group's policy on finance lease receivables and deferred tax.

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom law and accounting standards.

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.

Interest receivable and interest payable

Interest receivable and payable are recognised in the period in which they fall due.

Turnover

Turnover, representing rents receivable, is recognised net of VAT in the period in which the rents become due and arises wholly in the United Kingdom.

Previously the company recorded finance revenue as turnover. In accordance with the group's policy on finance lease receivables, finance revenue has been reclassified as interest receivable.

Leases

Finance lease receivables are recorded in the balance sheet as an asset. Rentals receivable are apportioned between the finance revenue and a reduction in the outstanding amounts receivable.

The total finance revenue is allocated to accounting periods over the lease term so as to produce a constant periodic return on the remaining balance for each accounting period.

During the prior period, tax on future finance lease receivables was included as a deferred tax provision, with a corresponding increase to finance lease receivables. In accordance with the group's policy on deferred tax, finance lease receivables have not been grossed up and prior period comparatives have been restated accordingly.

CWCB FINANCE LEASING (DS7B) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

Deferred taxation

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 3.1% to 3.3% 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.

CWCB FINANCE LEASING (DS7B) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

2. RESTATEMENT

The effects of adopting the group's policies for finance lease receivables and deferred tax for the current and prior years are as follows

	Turnover	Interest receivable	Taxation	Profit after taxation
	£	£	£	£
Period ended 1 February 2006				
As previously reported	5,613,576	1,676,444	(2,130,194)	4,969,452
Re-allocation of finance revenue	(5,613,576)	5,613,576	–	–
Deferred tax	–	–	(1,870,956)	(1,870,956)
As restated	–	7,290,020	(4,001,150)	3,098,496
Period ended 31 December 2006				
Under previous policies	6,944,820	–	–	–
Re-allocation of finance revenue	(6,770,682)	6,770,682	–	–
Deferred tax	–	–	630,762	630,762
As reported	174,138	6,770,682	630,762	630,762

	Finance lease receivables	Deferred tax	Shareholders' funds
	£	£	£
Period ended 1 February 2006			
As previously reported	150,460,497	(38,115,117)	151,062
Future tax	(38,115,117)	38,115,117	–
Deferred tax	–	(21,084,183)	(21,084,183)
As restated	112,345,380	(21,084,183)	(20,933,121)
Period ended 31 December 2006			
Under previous policies	150,323,278	(38,115,117)	151,062
Future tax	(38,115,117)	38,115,117	–
Deferred tax	–	(20,453,421)	(20,453,421)
As reported	112,208,161	(20,453,421)	(20,302,359)

CWCB FINANCE LEASING (DS7B) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

3. OPERATING LOSS

Operating loss is stated after charging

	Period from 2 February 2006 to 31 December 2006 £	Period from 1 January 2005 to 1 February 2006 As restated £
Remuneration of the auditors		
Audit fees	—	3,267

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

Auditors' remuneration for the period has been borne by another group undertaking

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from 2 February 2006 to 31 December 2006 £	Period from 1 January 2005 to 1 February 2006 As restated £
Bank interest receivable	—	1,662,687
Finance lease income	6,770,682	5,613,576
Interest receivable from group undertakings	—	13,757
	<u>6,770,682</u>	<u>7,290,020</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 2 February 2006 to 31 December 2006 £	Period from 1 January 2005 to 1 February 2006 As restated £
Bank loans and overdrafts	—	187,107
Interest payable to group undertakings	6,770,682	—
	<u>6,770,682</u>	<u>187,107</u>

CWCB FINANCE LEASING (DS7B) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

6. DIRECTORS

Remuneration

None of the directors received any emoluments in respect of their services to the company during the period

Share options

Details of options held by to R J J Lyons who was also a director of a parent undertaking during the period are disclosed in the accounts of Canary Wharf Estate Limited

Details of options for M D Precious are as follows

The Canary Wharf 2004 Deferred Share Plan Songbird Estates plc Class B Ordinary Shares

Name of director	At 1 January 2006	Granted during the period	Exercised during the period	At 31 December 2006
M D Precious	109,995	—	109,995	—

The date of exercise was 2 May 2006, when the shares were sold at a price of £2 10 per share. The pre-tax benefit received by M D Precious (after deducting the £1 aggregate cost of exercise) amounted to £269,058 including a distribution of £38,069 which represents the dividend paid on 109,995 class B ordinary shares in Songbird Estates plc between the date of grant and the date of exercise of the option.

Share Interests

Neither M D Precious, R J J Lyons, or their families, were beneficially interested in the ordinary shares of Canary Wharf Group plc or Songbird Estates plc as at 31 December 2006.

CWCB FINANCE LEASING (DS7B) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

7. TAXATION

	Period from 2 February 2006 to 31 December 2006 £	Period from 1 January 2005 to 1 February 2006 As restated £
Current tax		
UK corporation tax	—	2,130,194
Total current tax	—	2,130,194
Deferred tax		
Net effect of discount	(630,762)	1,870,956
Total deferred tax (Note 11)	(630,762)	1,870,956
Total tax on profit on ordinary activities	(630,762)	4,001,150
Tax reconciliation		
Profit on ordinary activities before tax	—	7,099,646
Tax on profit on ordinary activities at UK corporation tax rate of 30%	—	2,129,894
Effects of		
Tax losses and other timing differences	—	300
Current tax charge for the period	—	2,130,194

No charge for taxation has been made since the company recorded neither a profit or a loss, for tax purposes, for the period. It is anticipated that group relief and other reliefs will impact on future tax charges. There is no unprovided deferred taxation.

CWCB FINANCE LEASING (DS7B) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

8. DIVIDENDS

	Period from 2 February 2006 to 31 December 2006 £	Period from 1 January 2005 to 1 February 2006 As restated £
Dividends paid during the prior period (£57,510 per share)	—	57,510,000

9. DEBTORS

	31 December 2006 £	1 February 2006 As restated £
Due within one year		
Other debtors	—	15,665
Due in more than one year		
Finance Lease receivables	112,208,161	112,345,380

The amount at which finance lease debtors are stated comprises

	31 December 2006 £	1 February 2006 As restated £
At 2 February 2006	112,345,380	111,903,779
Finance lease rents received	(6,907,901)	(5,171,975)
Finance lease income	6,770,682	5,613,576
At 31 December 2006	112,208,161	112,345,380

CWCB FINANCE LEASING (DS7B) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

10. CREDITORS: Amounts falling due within one year

	31 December 2006	1 February 2006 As restated
	£	£
Loan from fellow subsidiary undertaking	112,057,099	–
Amount owed to fellow subsidiary undertaking	–	112,194,318
Other creditors	–	15,665
	<u>112,057,099</u>	<u>112,209,983</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

11. DEFERRED TAXATION

Deferred taxation

	31 December 2006	1 February 2006 As restated
	£	£
Accelerated capital allowances	33,663,948	33,705,114
Undiscounted deferred tax liability	33,663,948	33,705,114
Discount	(13,210,527)	(12,620,931)
Discounted deferred tax liability	<u>20,453,421</u>	<u>21,084,183</u>
Brought forward	21,084,183	19,213,227
Deferred tax (credit)/charge in profit and loss account for the period	(630,762)	1,870,956
Carried forward	<u>20,453,421</u>	<u>21,084,183</u>

12. CALLED-UP SHARE CAPITAL

Authorised share capital:

	31 December 2006	1 February 2006 As restated
	£	£
9,800,900 Ordinary shares of £1 each	<u>9,800,900</u>	<u>9,800,900</u>

Allotted, called up and fully paid:

	31 December 2006	1 February 2006
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

CWCB FINANCE LEASING (DS7B) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

13. RESERVES

	Profit and loss account £
At 2 February 2006	(20,934,121)
Profit for the period	630,762
At 31 December 2006	<u>(20,303,359)</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	31 December 2006 £	1 February 2006 As restated £
Opening shareholders' funds		
As previously stated	151,062	
Prior year adjustment	<u>(21,084,183)</u>	
As restated	(20,933,121)	33,478,383
Profit for the period	630,762	3,098,496
Dividends	<u>—</u>	<u>(57,510,000)</u>
Closing shareholders' deficit	<u>(20,302,359)</u>	<u>(20,933,121)</u>

15. CAPITAL COMMITMENTS

As at 31 December 2006 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings

16. RELATED PARTIES

The company's immediate parent undertaking is Canary Wharf Holdings Ltd and its ultimate parent undertaking is Songbird Estates plc. Both companies are registered in England and Wales.

As at 31 December 2006, Songbird Estates plc was the parent company of the largest group of which the company is a member and Canary Wharf Group plc was the parent undertaking of the smallest group of which the company is a member. Copies of the financial statements of Songbird Estates plc and Canary Wharf Group plc 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 FRS8 allowing the company not to disclose related party transactions with respect to other group companies.