

**CWE SPVd LIMITED**  
**Registered Number: 3123296**

**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 1998**



## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998**

The directors present herewith the audited accounts for the year ended 30 June 1998.

### **ULTIMATE PARENT UNDERTAKING**

The company is a subsidiary of the Canary Wharf Group comprising Canary Wharf Holdings Limited (CWHL) and its subsidiaries (together, the CWHL Group). Its immediate parent undertaking is CWE SPV HCo Limited and the company's ultimate UK parent undertaking is Canary Wharf Group Plc (formerly CWI Holdings plc). The company's ultimate parent undertaking is C.W. Investments Limited Partnership, a Cayman Islands undertaking.

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

The principal activity of the company is property investment. At present this activity is concentrated on the Canary Wharf development in London's Docklands.

### **DIVIDENDS AND RESERVES**

The profit and loss account for the year is set out on page 5. The directors do not recommend the payment of a dividend (1997 - £Nil) and a retained profit of £58,051 (1997 - £26,520) is to be transferred to reserves.

### **DIRECTORS**

The directors of the company during the year ended 30 June 1998 were:

A P Anderson  
G Iacobescu  
G Rothman  
C Young (resigned 27 January 1998)

### **DIRECTORS' INTERESTS**

Other than share options, no director had any beneficial interest in the shares of the company, Canary Wharf Group Plc or in any of its United Kingdom subsidiaries at 30 June 1998 or at any time throughout the year then ended.

Details of options to subscribe for ordinary shares in Canary Wharf Group Plc, granted to the directors during the year, are disclosed in the consolidated accounts of that company.

**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998 (Continued)**

**AUDITORS**

The company's incumbent auditors, Arthur Andersen, have indicated their willingness to continue in office and a resolution confirming their re-appointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD



M D Precious

..... Joint Company Secretary

13 November 1998

Registered office:  
One Canada Square  
Canary Wharf  
LONDON E14 5AB

**STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The directors are required by the Companies Act 1985 to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the results of the company for the period then ended. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors have responsibility for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

London

**AUDITORS' REPORT TO THE MEMBERS OF  
CWE SPVd LIMITED**

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention, as modified by the revaluation of investment property interests, and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of opinion**

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

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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants  
and Registered Auditors  
1 Surrey Street  
London WC2R 2PS

13 November 1998

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1998

	Notes	Year ended 30 June 1998 £	Year ended 30 June 1997 £
<b>TURNOVER - Rental income</b>		94,221	94,221
Cost of sales		(2)	(2)
<b>OPERATING PROFIT – continuing operations</b>	2	94,219	94,219
Exceptional item			
- profit on disposal of lease interest	5	50,000	-
Interest payable to fellow subsidiary undertaking		(86,168)	(67,699)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		58,051	26,520
Tax on profit on ordinary activities	3	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		58,051	26,520
Dividend	4	(198,692)	-
<b>TRANSFERRED (FROM)/TO RESERVES</b>		(140,641)	26,520

Movements on reserves are shown in Note 9 to the accounts.

The notes on pages 8 to 11 form part of these accounts.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED  
30 JUNE 1998**

	Year ended 30 June 1998	Year ended 30 June 1997
	£	£
Profit for the financial year	58,051	26,520
Unrealised (deficit)/surplus on revaluation of properties	-	(50,000)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE FINANCIAL YEAR</b>	<b>58,051</b>	<b>(23,480)</b>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

	Year ended 30 June 1998	Year ended 30 June 1997
	£	£
Reported profit on ordinary activities before taxation	58,051	26,520
Realisation of property revaluation gains of previous years	100,000	-
Historical cost profit on ordinary activities before taxation	158,051	26,520
Historical cost profit for the year retained after taxation and dividends	(40,641)	26,520

The notes on pages 8 to 11 form part of these accounts.

## BALANCE SHEET AT 30 JUNE 1998

	Notes	30 June 1998 £	30 June 1997 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	4	-	1,200,000
<b>CURRENT ASSETS</b>			
Debtors	5	1,487,620	143,399
		1,487,620	143,399
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	6	(1,487,620)	(1,202,757)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			
		1	(1,059,358)
<b>NET ASSETS</b>			
		1	140,642
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	1	1
Revaluation reserve	8	-	100,000
Profit and loss account	8	-	40,641
		1	140,642

The notes on pages 8 to 11 form part of these accounts.

APPROVED BY THE BOARD ON 13 NOVEMBER 1998 AND SIGNED ON ITS BEHALF BY:



A PETER ANDERSON  
DIRECTOR



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1998

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 preceding period, is set out below.

(1) Accounting convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment property interests, and in accordance with applicable accounting standards.

In accordance with the provisions of Financial Reporting Standard (FRS) 1 (Revised), a cash flow statement has not been prepared as the company is a wholly-owned subsidiary of a body incorporated in the European Union. A consolidated cash flow statement will be included in the accounts of CWHL.

(2) Tangible fixed assets

Tangible fixed assets, comprising leasehold investment properties, are revalued annually in accordance with SSAP 19. No provision has been made for depreciation of investment properties and this departure from the requirements of the Companies Act 1985, 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 in accordance with applicable accounting standards. 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 is expected to be permanent, in which case it is charged to the profit and loss account.

(3) Turnover

Turnover represents rents receivable which are recognised in the profit and loss account in the period in which they become due.

(4) Deferred taxation

Taxation deferred or accelerated by the effect of timing differences is accounted for to the extent that it is probable that a liability or asset will crystallise.

(5) Related party transactions

Under the provisions of FRS 8, the company is exempt from the requirements to disclose related party transactions with other group company's as 90% of the voting rights are controlled within the group and the ultimate U.K. parent undertaking publishes consolidated financial statements that are publicly available.

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1998 (CONTINUED)

**2 OPERATING PROFIT**

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

No staff were employed by the company other than the directors.

Auditors' remuneration has been borne by another CWHL Group undertaking.

**3 TAXATION**

No charge for taxation has been made since the profit for the year will be covered by group relief expected to be available for surrender by other companies within the CWHL Group. No charge will be made by other group companies for the surrender of group relief.

There is no unprovided deferred taxation. The CWHL Group has substantial tax losses which may impact the company's future tax charge.

**4 DIVIDENDS**

	Year ended 30 June 1998	Year ended 30 June 1997
	£	£
Dividend proposed at £198,692 per share	198,692	-

**5 TANGIBLE FIXED ASSETS**

Tangible fixed assets comprise a leasehold property interest, subject to and with the benefit of an underlease to a fellow subsidiary undertaking.

	£
At 1 July 1997	1,200,000
Disposal of leasehold interest	(1,200,000)
Balance at 30 June 1998	-

On 30 June 1998 the company transferred its property interest to a fellow subsidiary undertaking for a consideration of £1.25 million determined on the basis of an external valuation. This transaction resulted in a profit of £50,000 which has been reflected in the profit and loss account as an exceptional item.

**6 DEBTORS**

	30 June 1998	30 June 1997
	£	£
Loan to fellow subsidiary undertaking	1,250,000	-
Amounts due from parent undertaking	1	1
Amounts due from fellow subsidiary undertakings	237,619	143,398
	1,487,620	143,399

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1998 (CONTINUED)

**6 DEBTORS (Continued)**

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

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 June 1998	30 June 1997
	£	£
Loan from fellow subsidiary undertaking	1,288,923	1,202,755
Amount due to fellow subsidiary undertaking	198,696	2
	<u>1,487,619</u>	<u>1,202,757</u>

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

**8 CALLED UP SHARE CAPITAL**

	30 June 1998	30 June 1997
	£	£
Ordinary shares of £1 each: Authorised	<u>100</u>	<u>100</u>
Issued, allotted and fully paid	<u>1</u>	<u>1</u>

**9 RESERVES**

	Revaluation reserve	Profit and loss account	Total
	£	£	£
At 1 July 1997	100,000	40,641	140,641
Transfer of realised revaluation reserve	(100,000)	100,000	-
Profit for the financial year	-	58,051	58,051
Proposed dividend	-	(198,692)	198,692
As at 30 June 1998	<u>-</u>	<u>-</u>	<u>-</u>

**10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	£
At 1 July 1997	140,642
Profit for the financial year	58,051
Proposed dividend	(198,692)
At 30 June 1998	<u>1</u>

**11 ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is CWE SPV HCo Limited, a company registered in England. The company's ultimate UK parent undertaking is Canary Wharf Group Plc (formerly CWI Holdings plc) and its ultimate parent is C.W. Investments Limited Partnership, a Cayman Islands undertaking.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1998 (CONTINUED)**

**11 ULTIMATE PARENT UNDERTAKING (Continued)**

The smallest group into which the accounts of the company are consolidated are the consolidated accounts of CWHL. Copies of the accounts of CWHL may be obtained from the Joint Company Secretary, One Canada Square, Canary Wharf, London E14 5AB. The largest group into which the accounts of the company will be consolidated will be the accounts of Canary Wharf Group Plc. Copies of these accounts may be obtained from the above address.