

**CANARY WHARF INVESTMENTS (FC4) LIMITED**  
Registered Number: 5389386

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

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# **CANARY WHARF INVESTMENTS (FC4) LIMITED**

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# **CANARY WHARF INVESTMENTS (FC4) LIMITED**

## **THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

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

As shown in the company's profit and loss account, the company's profit after tax for the year was £225,587 (2008: loss of £386,073).

The balance sheet shows the company's financial position at the year end and indicates that net liabilities were £160,485 (2008: £386,072). Details of amounts owed to group companies are shown in Notes 8 and 9.

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.

### **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.

As a result of a reduction in the value of its property interests, the company is in a net liability position at the year end. However, the company has the benefit of leases which provide an income stream which the directors forecast will 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. 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 INVESTMENTS (FC4) LIMITED**

## **THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

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### **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 terms of the company's borrowings are summarised in Note 9.

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 INVESTMENTS (FC4) LIMITED**

## **THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

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### **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 5389386

## **CANARY WHARF INVESTMENTS (FC4) 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 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 INVESTMENTS (FC4) LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF INVESTMENTS (FC4) LIMITED**

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We have audited the financial statements of Canary Wharf Investments (FC4) Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, Balance Sheet and the related Notes 1 to 15. 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 INVESTMENTS (FC4) LIMITED**

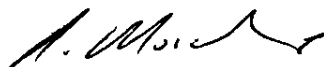
### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF INVESTMENTS (FC4) LIMITED**

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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



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

25 June 2010



# CANARY WHARF INVESTMENTS (FC4) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
<b>TURNOVER</b>		270,120	270,120
<b>GROSS PROFIT</b>		270,120	270,120
Exceptional administrative expenses			
Provision against investment properties	6	200,000	(410,000)
<b>OPERATING PROFIT/(LOSS)</b>	2	470,120	(139,880)
Interest receivable and similar income	3	15,754	32,510
Interest payable and similar charges	4	(260,287)	(278,703)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		225,587	(386,073)
Tax on profit/(loss) on ordinary activities	5	—	—
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR</b>	12	225,587	(386,073)

Movements in reserves are shown in Note 12 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 2009 or the year ended 31 December 2008 other than those included in the profit and loss account

The Notes on pages 9 to 15 form an integral part of these financial statements

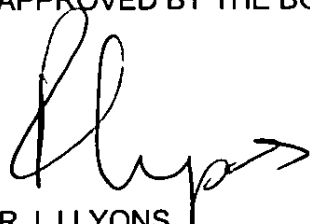
# CANARY WHARF INVESTMENTS (FC4) LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	31 December 2009 £	31 December 2008 £
<b>FIXED ASSETS</b>			
Tangible assets	6	3,200,000	3,000,000
<b>CURRENT ASSETS</b>			
Debtors	7	139,527	331,413
Cash at bank		1,469,906	1,322,174
		1,609,433	1,653,587
<b>CREDITORS: Amounts falling due within one year</b>	8	(1,490,541)	(1,490,433)
<b>NET CURRENT ASSETS</b>		118,892	163,154
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,318,892	3,163,154
<b>CREDITORS: Amounts falling due after more than one year</b>	9	(3,479,377)	(3,549,226)
<b>NET LIABILITIES</b>		(160,485)	(386,072)
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	1	1
Profit and loss account	12	(160,486)	(386,073)
<b>SHAREHOLDER'S DEFICIT</b>	13	(160,485)	(386,072)

The Notes on pages 9 to 15 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 INVESTMENTS (FC4) LIMITED**

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

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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 is expected to be permanent and exceeds previous surpluses recognised on the same property, in which case the excess is charged to the profit and loss account.

#### **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.

# CANARY WHARF INVESTMENTS (FC4) LIMITED

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

### Finance leases

As required by SSAP 21 and FRS 5, finance leases are recorded in the balance sheet as an asset and as an obligation to pay future rentals. Rentals payable are apportioned between the finance charge and a reduction in the outstanding obligation for future amounts payable.

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

### 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.

## 2. OPERATING PROFIT/(LOSS)

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.

Auditor's remuneration of £1,500 (2008: £1,500) for the audit of the company for the year has been borne by another group undertaking.

## 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Bank interest receivable	987	—
Finance lease income (Note 7)	14,767	32,510
	<u>15,754</u>	<u>32,510</u>

## CANARY WHARF INVESTMENTS (FC4) LIMITED

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

#### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Finance lease charges (Note 10)	13,754	18,640
Interest payable to group undertakings	246,533	260,063
	<u>260,287</u>	<u>278,703</u>

#### 5. TAXATION

	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Current tax		
UK Corporation tax (see below)	<u>—</u>	<u>—</u>
Tax reconciliation		
Profit/(loss) on ordinary activities before tax	<u>225,587</u>	<u>(386,073)</u>
Tax on profit/(loss) on ordinary activities at UK corporation tax rate of 28% (2008 28.5%)	63,164	(110,031)
Effects of		
Items not chargeable to tax	(56,000)	—
Expenses not deductible for tax purposes	—	116,850
Tax losses and other timing differences	<u>(7,164)</u>	<u>(6,819)</u>
Current tax charge for the year	<u>—</u>	<u>—</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 INVESTMENTS (FC4) LIMITED

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

### 6. TANGIBLE FIXED ASSETS

	Freehold Investment Property £
<b>COST</b>	
At 1 January 2009 and 31 December 2009	<u>3,410,000</u>
<b>PROVISION</b>	
At 1 January 2009	410,000
Movement for the year	<u>(200,000)</u>
At 31 December 2009	<u>210,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2009	<u>3,200,000</u>
At 31 December 2008	<u>3,000,000</u>

As at 31 December 2009 the company's freehold 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. The external valuation resulted in a release of the provision for diminution in value of £200,000 which has been taken to the profit and loss account and treated as an exceptional item. This item did not give rise to deferred tax.

### 7. DEBTORS

	31 December 2009 £	31 December 2008 £
Amount owed by parent undertaking	1	1
Finance lease receivables	<u>139,526</u>	<u>331,412</u>
	<u>139,527</u>	<u>331,413</u>

The company has acquired assets for use in the running of its property interest, subject to leases to a fellow subsidiary undertaking under finance lease terms.

# CANARY WHARF INVESTMENTS (FC4) LIMITED

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

The amount at which finance lease debtors are stated comprises

	31 December 2009 £	31 December 2008 £
Opening balance	331,412	633,586
Finance lease rents received	(206,653)	(334,684)
Finance lease income	14,767	32,510
Closing balance	<u>139,526</u>	<u>331,412</u>

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

	31 December 2009 £	31 December 2008 £
Loan from fellow subsidiary undertaking	–	127,021
Amount owed to fellow subsidiary undertaking	1,352,295	1,287,272
Finance lease agreements (Note 10)	76,700	71,718
Other creditors	61,546	4,422
	<u>1,490,541</u>	<u>1,490,433</u>

The loan from a fellow subsidiary undertaking carried interest at a rate linked to LIBOR, subject to certain caps and was repaid during the year

### 9. CREDITORS: Amounts falling due after more than one year

	31 December 2009 £	31 December 2008 £
Loans from fellow subsidiary undertaking	3,410,000	3,410,000
Finance lease agreements (Note 10)	69,377	139,226
	<u>3,479,377</u>	<u>3,549,226</u>

£3,069,000 (2008 £3,069,000) of the loans owed to a fellow subsidiary undertaking bears interest at 8% and is repayable on 22 February 2013

The remaining £341,000 (2008 £341,000) of the loans owed to a fellow subsidiary undertaking bears interest at 10%, subject to certain caps, and is repayable on 21 April 2015

# CANARY WHARF INVESTMENTS (FC4) LIMITED

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

### 10. FINANCE LEASES

The amount at which finance lease obligations are stated comprises

	31 December 2009	31 December 2008
	£	£
At 1 January	210,944	270,925
Finance rents paid	(78,621)	(78,621)
Finance lease charges	13,754	18,640
At 31 December	<u>146,077</u>	<u>210,944</u>

The finance lease obligations fall due as follows

	31 December 2009	31 December 2008
	£	£
Amounts payable within 1 year	76,700	71,418
Amounts payable between 1 and 2 years	69,377	70,149
Amounts payable between 3 and 5 years	—	69,377
	<u>146,077</u>	<u>210,944</u>

The company's obligations under its finance lease are secured by fixed charges over the finance lease receivables which relate to the same asset and a charge over a fellow subsidiary undertaking. The rate of interest implicit in the finance lease, which is linked to LIBOR, was 8.09% at 31 December 2009 (2008: 8.09%).

### 11. CALLED-UP SHARE CAPITAL

Authorised share capital:

	31 December 2009	31 December 2008
	£	£
20,000,000 Ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>

Allotted, called up and fully paid:

	31 December 2009	31 December 2008
	£	£
1 Ordinary share of £1	<u>1</u>	<u>1</u>

### 12. RESERVES

	Profit and loss account
	£
At 1 January 2009	(386,073)
Profit for the year	<u>225,587</u>
At 31 December 2009	<u>(160,486)</u>



## **CANARY WHARF INVESTMENTS (FC4) LIMITED**

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

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#### **13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	31 December 2009 £	31 December 2008 £
Opening shareholders' (deficit)/funds	(386,072)	1
Profit/(loss) for the year	225,587	(386,073)
Closing shareholders' deficit	<u>(160,485)</u>	<u>(386,072)</u>

#### **14. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS**

As at 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

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

The company's immediate parent undertaking is Canary Wharf Funding (FC2/FC4) 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.