

CANARY WHARF LIMITED
Registered Number: 1971312

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

FRIDAY



L4ACOE4G

LD2

26/06/2015

#113

COMPANIES HOUSE

CANARY WHARF LIMITED

CONTENTS

	PAGE
Strategic Report	1
Directors' Report	5
Statement of the Directors' Responsibilities in Respect of The Financial Statements	8
Independent Auditor's Report	9
Profit and Loss Account	11
Balance Sheet	12
Notes to the Financial Statements	13

CANARY WHARF LIMITED

STRATEGIC REPORT TO THE MEMBERS OF CANARY WHARF LIMITED

The directors, in preparing this Strategic Report, have complied with section 414C of the Companies Act 2006.

This Strategic Report has been prepared for the company and not for the group of which it is a member and therefore focuses only on matters which are significant to the company.

BUSINESS MODEL

At 31 December 2014, the company was a wholly owned subsidiary of Canary Wharf Group plc and its ultimate parent undertaking was Songbird Estates plc. On 5 February 2015, the group was acquired by Stork Holdings Limited (Note 20).

The principal activity of the company continues to be property development for the purposes of sale either to fellow subsidiary undertakings or external to the group.

BUSINESS REVIEW

On 1 July 2014, base building practical completion was achieved at 25 Churchill Place, a new 545,000 sq ft office building to be occupied by European Medicines Agency ("EMA") and Ernst & Young LLP ("EY"). Practical completion of EMA fit out was also certified in July 2014 and EMA moved into the lower half of the building prior to the year end. Alterations to the top floor have been undertaken as requested by EY, which has started construction of its fit out for occupation in the third quarter of 2015.

As shown in the company's profit and loss account, the company's profit after tax for the year was £20,702,856 (2013: £210,444,305). In previous years, the company recognised a provision against amounts owed by certain fellow subsidiary undertakings. During the year, an increase in the provision of £77,059,365 was taken to the profit and loss account and treated as an exceptional item.

The balance sheet shows the company's financial position at the year end and indicates that net assets were £963,934,908 (2013: £943,232,052). Details of amounts owed to group companies are shown in Notes 13 and 14.

KEY PERFORMANCE INDICATORS

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.

FUTURE DEVELOPMENTS

Details of significant events since the balance sheet date are contained in Note 20.

CANARY WHARF LIMITED

STRATEGIC REPORT TO THE MEMBERS OF CANARY WHARF LIMITED

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 the Canary Wharf Group's assets is subject to many external economic and market factors. Following the turmoil in the financial markets and uncertainty in the Eurozone of recent years, the London real estate market had to cope with a decline in demand and a potential oversupply of office space. The possible oversupply of available space in the market was, however, mitigated by the difficulty in securing finance for speculative development leading to reduced supply. The market was assisted by the continuing presence of overseas investors attracted by the relative transparency of the real estate market in London which is viewed as both stable and secure. The market has also been underpinned by continuing demand for sites capable of incorporating residential development. During 2014, there was evidence of continuing investor demand for office space and continuing confidence in the office real estate market.

Changes in financial and property markets are kept under constant review so that the company can react appropriately and tailor its business accordingly.

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 Notes 13 and 14.

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 a majority of tenants linked to the financial services industry. Wherever possible steps are taken to mitigate or avoid material consequences arising from this concentration and to diversify the tenant base.

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 LIMITED

STRATEGIC REPORT TO THE MEMBERS OF CANARY WHARF LIMITED

CORPORATE & SOCIAL RESPONSIBILITY

Sustainability

The Canary Wharf Group board retains overall responsibility for the monitoring and implementation of the group's environmental policy and is assisted by the group's Corporate Responsibility Group which comprises senior executives of the group. A clear governance process has been developed and implemented to enable the Corporate Responsibility Group, and ultimately the board, to identify, manage and respond to the environmental and social risks and opportunities that may affect the group's operations.

The Corporate Responsibility Group is responsible for the development and establishment of environmental management systems throughout the group which has been developed to focus attention on those objectives and targets where improvements and actions are necessary to meet the monitoring and reporting process formally adopted by the group. Identified environmental system managers have responsibility for the implementation of the environmental management system throughout their respective business areas. Employee environmental awareness is key to the success of the environmental management systems and as a result is incorporated into the staff induction programme with regular updates via in-house newsletters and presentations.

Sustainability pressures are coming from tenants and occupiers, who understandably seek more sustainable operations. These expectations are met by the group in the design and construction of more sustainable buildings and by improving the environmental performance of existing facilities through effective retrofitting and facilities management.

The Group aims to design, build and manage central London's highest quality, best value and most sustainable office, retail and residential buildings and districts. In doing this, the group works with all its stakeholders to create and nurture vibrant, inclusive communities that meet today's economic, environmental and social needs while anticipating those of tomorrow.

As a member of the Canary Wharf Group, the company has maintained ISO 14001 accreditation since early 2005 with environmental management being an inherent part of construction since 2002. During 2014, the company did not incur any fines or non monetary sanctions for non compliance with any regulation or legislation related to sustainability issues. The company is a member of the UK Green Building Council and the Better Building Partnership.

The group targets the reduction of energy, water and resource use and the reuse and the recycling of waste where possible during the design, construction and management of properties. The minimisation of disruption and disturbance to the environment and local community is targeted during the construction and management of the buildings. The group is also committed to preventing and monitoring pollution and to reducing any emissions which may have an adverse impact on the environment and/or local community.

The group publishes annually a separate Sustainability Report which provides details of performance against a range of specified targets and objectives with third party verification. In 2014 the group achieved B+ status under the Global Reporting Initiative and also participated in the European Public Real Estate Association Sustainability Benchmarking scheme. This report together with additional supporting information and group publications can be downloaded from the group's website. The group environmental policies are also set out in full on this website.

CANARY WHARF LIMITED

STRATEGIC REPORT TO THE MEMBERS OF CANARY WHARF LIMITED

Environment

The company is committed to applying environmental best practice wherever practical in the design, construction and management of the Canary Wharf Estate and to properties situated elsewhere for the benefit of tenants, employees, the community and stakeholders.

The company targets the reduction of energy, water and resource use and the re-use and the recycling of waste where possible during the design, construction and management of properties. The minimisation of disruption and disturbance to the environment and local community is also targeted during the construction and management of buildings. The company is also committed to preventing pollution, monitoring and reducing any emissions which may have an adverse impact on the environment and/or local community. The company endeavours to raise awareness and promote effective management of environmental and social issues with staff, designers, suppliers and contractors.

Information on the Canary Wharf Group's environmental and corporate performance is published annually with third party verification.

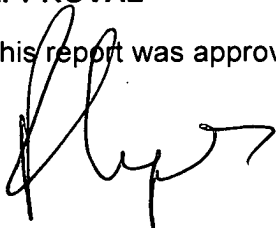
GOING CONCERN

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.

APPROVAL

This report was approved by the board on 25 June 2015 and signed on its behalf by:



R J J LYONS
DIRECTOR

CANARY WHARF LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report with the audited financial statements for the year ended 31 December 2014.

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 31 December 2014 is set out on page 11. No dividends have been paid or proposed (2013: £Nil) and the retained profit of £20,702,856 (2013: profit of £210,444,305) has been transferred to reserves.

DIRECTORS

The directors of the company throughout the year ended 31 December 2014 were:

A P Anderson II

Sir George Iacobescu CBE

R J J Lyons

G A Pagano

(alternate to A P Anderson II)

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 2014 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

EMPLOYMENT POLICIES

PEOPLE

Employment

The company has adopted the terms of the Code of Practice for the elimination of discrimination, on all grounds, including disability discrimination. To effect this policy the company has implemented a continuing programme of action with the aim of providing an equal working environment where all employees are treated with respect and dignity. The company continues to keep employees informed of events relevant to their employment via 'all staff' communications and an intranet. Staff consultative committees, at which matters raised by employees are considered by management and staff representatives, have been established and meet every two months. The company's employment policy is regularly reviewed to incorporate changes to legislation and ensure best practice is maintained.

Diversity

The company values the benefits a diverse workforce can bring and embraces diversity as a practical contribution to its business success and in providing the highest standard of customer service to our tenants and to visitors alike.

The company strives to create a working environment which is open, supportive and inclusive at every level and believes that equality of opportunity for all is fundamental to the future of the company. All staff attend diversity training which emphasises the value of appreciating individual differences.

CANARY WHARF LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Health and Safety

The company seeks to continually improve and develop its health and safety performance and places the overall wellbeing of its employees, tenants and visitors in the highest regard. The company operates a health and safety management system to the internationally recognised ISO 18001 standard. This ensures that best practice is followed as a minimum threshold.

The company strives for continuous improvement to ensure a safe and healthy environment is maintained and adequate resources are made available for these purposes. The group's accreditation to ISO 18001 is externally verified on an ongoing basis allowing opportunities for continuous improvement to be identified and enacted where feasible. The Group's health and safety departments are committed to supporting all employees in understanding their health and safety responsibilities through a system of processes and procedures in order to deliver the safest standards within the built environment.

Anti bribery and corruption

The directors continue to demonstrate commitment to the prevention of corruption and understands the importance of maintaining a culture in which it is not acceptable at any level. During the period, a mandatory online bribery and corruption awareness training module was introduced across the group and to date has been completed by 90.0% of the work force. The company has adopted a formal anti bribery and corruption policy which requires all directors and employees to behave with integrity and in a manner that ensures the objectives of the policy are achieved. The company has a strict approach to maintaining high standards of finance, business principles and ethics.

Communities

The company's Community, Social and Economic Development strategy aims to maintain and enhance the company's relationship with the community by supporting employment opportunities, skills enhancement, investment in young people and commitment to the local business community while also confirming the company's vision for the future.

Improving the transition from education to employment; securing opportunities for local job seekers; maximising supply chains and community led development is a priority for the company especially as it diversifies and evolves.

CANARY WHARF LIMITED

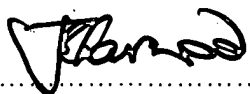
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

Each director holding office at the date of this report has taken all the steps that he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the company's auditor is aware of that information. As far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

BY ORDER OF THE BOARD



J R Garwood

Company Secretary

25 June 2015

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

Registered Number: 1971312

CANARY WHARF 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CANARY WHARF LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF LIMITED

We have audited the financial statements of Canary Wharf Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, Balance Sheet and the related Notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

CANARY WHARF LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF LIMITED

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

25 June 2015

CANARY WHARF LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Year Ended 31 December 2014 £	Year Ended 31 December 2013 £
TURNOVER	2	2,100,893	3,673,180
Cost of sales		(9,601,309)	(3,662,276)
GROSS (LOSS)/PROFIT		(7,500,416)	10,904
Administrative expenses before exceptional items		(33,712,639)	(23,479,247)
Exceptional item:			
Movement in provision against intercompany debtors	12	(77,059,365)	158,642,309
Other operating income		4,957,417	3,354,571
OPERATING (LOSS)/PROFIT	3	(113,315,003)	138,528,537
Income from shares in group undertakings	10	3,580,000	2,070,000
Interest receivable and similar income	6	162,860,100	104,944,972
Interest payable and similar charges	7	(31,862,833)	(30,036,568)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		21,262,264	215,506,941
Tax on profit on ordinary activities	8	(559,408)	(5,062,636)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	17	20,702,856	210,444,305

Movements in reserves are shown in Note 17 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 2014 or the year ended 31 December 2013 other than those included in the profit and loss account.

The Notes on pages 13 to 27 form an integral part of these financial statements.

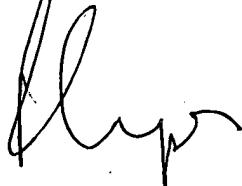
CANARY WHARF LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	31 December 2014 £	31 December 2013 £
FIXED ASSETS			
Tangible assets	9	777,493	296,414
Investments	10	8	86,594
		<u>777,501</u>	<u>383,008</u>
CURRENT ASSETS			
Work in progress	11	248,201,790	198,213,109
Debtors	12		
Amounts falling due after one year		1,664,220,851	1,527,952,845
Amounts falling due within one year		2,207,460,881	2,017,255,093
Cash at bank and in hand		243,491,995	364,317,142
		<u>4,363,375,517</u>	<u>4,107,738,189</u>
CREDITORS: Amounts falling due within one year	13	<u>(2,837,265,450)</u>	<u>(2,769,381,308)</u>
NET CURRENT ASSETS		<u>1,526,110,067</u>	<u>1,338,356,881</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,526,887,568</u>	<u>1,338,739,889</u>
CREDITORS: Amounts falling due after more than one year	14	<u>(524,128,781)</u>	<u>(383,746,618)</u>
Provision for liabilities	15	<u>(38,823,879)</u>	<u>(11,761,219)</u>
NET ASSETS		<u>963,934,908</u>	<u>943,232,052</u>
CAPITAL AND RESERVES			
Called-up share capital	16	662,516,350	662,516,350
Profit and loss account	17	301,418,558	280,715,702
SHAREHOLDERS' FUNDS	18	<u>963,934,908</u>	<u>943,232,052</u>

The Notes on pages 13 to 27 form an integral part of these financial statements.

APPROVED BY THE BOARD ON 25 JUNE 2015 AND SIGNED ON ITS BEHALF BY:



R J J LYONS
DIRECTOR

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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, with the exception of certain investments as disclosed below and in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared on a going concern basis as described in the Strategic 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.

Profit and loss account

Turnover, which includes property sales and rental income, is recognised, net of VAT, in the period in which it falls due.

Marketing and administration costs which are not development expenses are charged to the profit and loss account when incurred.

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

Interest on the advance payment made to a fellow subsidiary for the design and construction of the phases subsequent to Phase 1 of Canary Wharf is added to the amount of the advance until construction work is undertaken. The advance is included within prepayments (see Note 12) and transfers (including interest) are made to development work in progress when construction work is undertaken by the fellow subsidiary.

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

Lease incentives

Lease incentives include rent-free periods and other incentives given to lessees on entering into lease agreements. Under UITF 28 the aggregate cost of lease incentives is recognised as an adjustment to rental income, allocated evenly over the lease term or the term to the first open market rent review if earlier. The cost of other lease incentives is included within prepayments and spread on a straight line basis over a similar period.

Finance lease agreements

Amounts due from lessees under finance leases are recognised as receivables at the net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Tangible fixed assets

Tangible fixed assets are depreciated so as to write off the cost in equal annual instalments over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	25%
Fixture and fittings	25%
Computer equipment	33%

Investments

Investments in subsidiaries are stated at cost less any provision for impairment.

Investments in Partnerships are carried by reference to the company's share of net assets. The investment is initially recognised at historical cost with the company's share of the realised profits and losses recorded in the profit and loss account and the company's share of unrealised gains and losses taken to the revaluation reserve.

Other investments are stated at cost less any provision for impairment.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes construction costs and development expenditure directly related to the development, including attributable interest. Such interest is calculated by reference to the rate of interest payable on the borrowings drawn down to finance the development.

Net realisable value is calculated as the amount estimated to be recovered from the development once development work has been completed and the development leased, less costs to complete (Note 11).

Properties under construction, where the company has entered into an agreement for sale are treated as long term contracts. Turnover on such contracts is calculated by reference to the cost of work performed to date as a proportion of the total anticipated cost of the project. Profit is recognised when the final outcome of the project can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses.

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.

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.

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Vacant leasehold properties

Provision is made for the present value of the net commitments in relation to leasehold properties where there is a shortfall in the rental income receivable over the rent and other costs payable.

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.

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 0.2% to 2.3% 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.

Pensions

The company operates a defined contribution pension scheme. Pension contributions in respect of this scheme are accrued as they fall due.

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Share based payments

Shares in Songbird Estates plc held by the Canary Wharf Employees' Share Ownership Plan Trust may be allocated to employees of the group under the terms of share schemes or allocations adopted from time to time by the group. The terms of an allocation may, at the option of the group, allow the employee to receive a cash settlement in lieu of their share allocation. In this event, the cash amount receivable by an employee is calculated by reference to the market price of the shares at that date.

Where the terms of an allocation permit the employee to opt for a cash settlement, the allocation is accounted for as a cash settled share based payment. Where the terms of the allocation allow, but do not require, the group to offer a cash settlement option to the employees, the allocation is accounted for as an equity settled share based payment.

For cash settled share allocations, a liability is recorded based on the market value of the shares at each balance sheet date. The cost of equity settled share allocations is measured at the grant date based on the market value of the shares at that date. The associated cost is charged to the same expense category as the employment cost of the relevant employee, spread on a straight line basis over the relevant vesting period, based on the group's estimate of the shares that will eventually vest.

2. TURNOVER

An analysis of turnover is given below:

	Year Ended 31 December 2014 £	Year Ended 31 December 2013 £
Property sales	–	20,000
Rental income	1,416,956	1,462,655
Revenue recognised on long term contracts	–	11,500
Development management fees	683,937	2,179,025
	<u>2,100,893</u>	<u>3,673,180</u>

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

3. OPERATING (LOSS)/PROFIT

Operating profit is stated after charging:

	Year Ended 31 December 2014 £	Year Ended 31 December 2013 £
Directors' emoluments, including bonuses (Note 4)	639,690	589,799
Depreciation (Note 9)	255,322	117,501
Remuneration of the auditors:		
Audit fees for the audit of the company	15,885	16,100
Fees for other services	114,090	120,796
Audit fees for the audit of fellow subsidiary undertakings	109,150	92,698
Operating lease rentals	13,638,635	15,423,149

The operating lease rentals are in respect of the leaseback properties referred to in Note 15.

4. DIRECTORS REMUNERATION

During the year ended 31 December 2014, the remuneration of R J J Lyons was £639,690 (2013: £589,799), which included bonuses of £350,000 (2013: £300,000), plus benefits in kind equal to £4,942 (2013: £5,051).

Benefits are accruing under the company's money purchase pension scheme on behalf of R J J Lyons. During the year and prior year no contributions were made to the company's money purchase pension plan.

The Canary Wharf Employees ownership Plan Trust (the 'Trust') holds ordinary shares of 10p each in Songbird Estates plc ('Songbird Shares'), which may be used to satisfy allocations of shares or options granted under any share plan adopted by Canary Wharf Group plc and its subsidiaries.

During February 2014, the Trust made an allocation of Songbird Shares to certain directors and senior employees. As a result of this allocation R J J Lyons received an entitlement to 275,000 Songbird Shares of which 91,667 were to be released in June 2014, 91,667 were to be released in June 2015 and 91,666 were to be released in June 2016. In December 2014, the Trust made a further allocation of Songbird Shares to certain directors and senior employees. As a result of this allocation R J J Lyons received 175,000 Songbird Shares of which 58,334 were to be released in June 2015, 58,333 were to be released in June 2016 and 58,333 were to be released in June 2017. This is in addition to the 350,000 Songbird Shares that were allocated to him in the previous years.

In September 2014, 266,666 shares allocated in previous years and 91,667 of the shares allocated in February 2014 were transferred to R J J Lyons. The share price at that date was £2.49 per share. Subsequent to the year end, the change of control triggered acceleration of all remaining allocated shares.

The remuneration of the other directors is disclosed in the financial statements of Canary Wharf Group plc.

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

5. EMPLOYEE INFORMATION

	Year Ended 31 December 2014 £	Year Ended 31 December 2013 £
Wages and salaries (including directors)	15,839,930	12,354,710
Social Security costs	1,856,204	1,492,955
Other pension costs (Note 19)	1,019,171	963,516
	<u>18,715,305</u>	<u>14,811,181</u>

The average number of persons employed (including directors) by the company during the year was 170 (2013: 150), all of which were administrative employees.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2014 £	Year Ended 31 December 2013 £
Bank interest receivable	1,474,969	3,078,164
Interest receivable from group undertakings	161,304,797	101,843,455
Finance lease income (Note 12)	80,334	23,353
	<u>162,860,100</u>	<u>104,944,972</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2014 £	Year Ended 31 December 2013 £
Bank charges	1,510,373	5,844,021
Interest payable to group undertakings	80,529,388	63,740,528
Unwind of discount of provisions (Note 15)	432,332	977,090
	<u>82,472,093</u>	<u>70,561,639</u>
Less: Increase in contract prepayment	<u>(50,609,260)</u>	<u>(40,525,071)</u>
	<u>31,862,833</u>	<u>30,036,568</u>

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

8. TAXATION

	Year Ended 31 December 2014 £	Year Ended 31 December 2013 £
Current tax:		
UK corporation tax	—	—
Under provision in prior years	2,033,318	5,334,052
Total current tax	<u>2,033,318</u>	<u>5,334,052</u>
Deferred tax:		
Net effect of discount	50,052	79,402
Deferred tax	(1,523,962)	(350,818)
Total deferred tax	<u>(1,473,910)</u>	<u>(271,416)</u>
Total tax charge on profit on ordinary activities	<u>559,408</u>	<u>5,062,636</u>
Tax reconciliation:		
Profit on ordinary activities before tax	<u>21,262,264</u>	<u>215,506,941</u>
Tax on profit on ordinary activities at UK corporation tax rate of 21.5% (2013: 23.25%)	4,571,388	50,105,364
Effects of:		
Under provision in prior years	2,033,318	5,334,052
Provision against intercompany loans	16,567,763	(36,884,337)
UK dividend income	(769,700)	(481,275)
Expenses not deductible for tax purposes	1,017,139	165,538
Group relief	(21,386,590)	(12,905,290)
Current tax charge for the year	<u>2,033,318</u>	<u>5,334,052</u>

The tax rate of 21.5% has been calculated by reference to the current corporation tax rate of 21% which was in effect for the final three quarters of the year and the previous rate of 23% which was in effect for the first quarter of the year.

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

9. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Leasehold Improvements £	Equipment £	Total £
COST				
At 1 January 2014	7,655,525	2,952,829	61,450	10,669,804
Additions	607,228	4,600	124,573	736,401
At 31 December 2014	8,262,753	2,957,429	186,023	11,406,205
DEPRECIATION				
At 1 January 2014	7,446,188	2,906,716	20,486	10,373,390
Movement for the year	169,744	23,571	62,007	255,322
At 31 December 2014	7,615,932	2,930,287	82,493	10,628,712
NET BOOK VALUE				
At 31 December 2014	646,821	27,142	103,530	777,493
At 31 December 2013	209,337	46,113	40,964	296,414

10. INVESTMENTS

	31 December 2014 £	31 December 2013 £
Investment in partnerships	1	1
Shares in group undertakings	6	86,592
Investment in joint venture	1	1
	8	86,594

Investment in partnerships

	£
CAPITAL ACCOUNT	
At 1 January 2014	1
At 31 December 2014	1

The company is the beneficial owner of 1% of a partnership which has undertaken the design and construction of a development in phase I of that part of the Canary Wharf project known as Heron Quays. Heron Quays Properties Limited, another member of the Canary Wharf Group, is the beneficial owner of the other 99%.

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Shares in group undertakings

	£
COST	
At 1 January 2014	222,395
Disposals	(222,389)
At 31 December 2014	6
PROVISION FOR IMPAIRMENT	
At 1 January 2014	135,803
Released during the year	(135,803)
At 31 December 2014	–
NET BOOK VALUE	
At 31 December 2014	6
At 1 January 2014	86,592

During the year, Heron Quays Developments Limited was voluntarily struck from the Companies House register.

In addition to this, one of the company's subsidiaries distributed £222,388 back to the company, which has been treated as a reduction in the cost of the investment in that subsidiary.

At 31 December 2014 the company's subsidiary undertakings were as follows:

Name	Description of shares held	Principal activities
Level 39 Limited	Ordinary £1 shares	Facility provider
Canary Wharf Management Limited	Ordinary £1 shares	Property management
Hazelway Limited	Ordinary £1 shares	Property investment
Southbank Place Management Limited	Ordinary £1 shares	Property management

Dividends totalling £3,580,000 (2013: £2,070,000) were paid by the company's subsidiaries during the year ended 31 December 2014.

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 22).

The directors are of the opinion that the value of the company's investments at 31 December 2014 was not less than the amount shown in the company's balance sheet.

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Investment in joint venture

COST	£
At 1 January 2014 and 31 December 2014	1

During 2011, Canary Wharf Group plc and Qatari Diar Real Estate Investment Company concluded an agreement to redevelop the Shell Centre. The group and Qatari Diar have entered into a 50:50 joint venture and have committed to contributing £150.0m each to the joint venture to secure the 5.25 acre site on a 999 year lease. The group will act as construction manager for the project and will also be joint development manager with Qatari Diar Real Estate Investment Company. As a part of this arrangement, the company subscribed for 1 ordinary £1 share in Braeburn Estates Development Management Limited at par, which represents 50% of its issued share capital.

11. WORK IN PROGRESS AT COST

	31 December 2014 £	31 December 2013 £
Work in progress at cost	<u>248,201,790</u>	<u>198,213,109</u>
Movement in the carrying value of work in progress during the year:		
	£	£
At 1 January	198,213,109	112,298,060
Additions	49,988,681	85,926,549
Transfer to cost of sales	—	(11,500)
At 31 December	<u>248,201,790</u>	<u>198,213,109</u>

Work in progress is assessed annually to ensure its carrying value does not exceed its net realisable value. In assessing the estimated net realisable value of development properties as at 31 December 2014 the directors consulted with the company's external property advisors, Savills Commercial Limited, Chartered Surveyors.

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

12. DEBTORS

	31 December 2014 £	31 December 2013 £
Due within one year:		
Trade debtors	124,147	116,175
Loan to parent undertaking	648,771,137	627,333,899
Amount owed by parent undertaking	179,872,153	113,251,227
Loan to fellow subsidiary undertaking	978,654,297	870,682,033
Finance lease receivables	1,108,236	1,431,638
Amounts owed by fellow subsidiary undertakings	365,050,630	329,248,602
Other debtors	160,657	53,002
Deferred tax	1,950,966	477,056
Prepayments and accrued income	31,768,658	74,661,461
	<u>2,207,460,881</u>	<u>2,017,255,093</u>
Due in more than one year:		
Lease incentives	64,095,753	—
Prepayments and accrued income	717,853,963	634,751,410
Loan to a fellow subsidiary undertaking	882,271,135	893,201,435
	<u>1,664,220,851</u>	<u>1,527,952,845</u>
Deferred taxation:	31 December 2014 £	31 December 2013 £
Accelerated capital allowances	2,046,308	629,917
Undiscounted deferred tax asset	2,046,308	629,917
Discount	(95,342)	(152,861)
Discounted deferred tax asset	<u>1,950,966</u>	<u>477,056</u>

Loans to group undertakings due within one year carry interest at rates linked to LIBOR or 10%, subject to certain caps, and are repayable on demand.

The loan to a fellow subsidiary undertaking shown as due in more than one year carries interest at 10%, subject to certain caps, and is repayable by 1 December 2034.

At 31 December 2014, the company carried provisions against amounts owed by fellow subsidiary undertakings totalling £194,951,204 (2013: £117,891,839). These amounts relate to fellow subsidiary undertakings which were in a net liability position at the year end. The net increase in provision of £77,059,365 (2013: decrease of £158,642,309) has been taken to the profit and loss account and treated as an exceptional item.

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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.

The amount at which finance lease debtors are stated comprises:

	31 December 2014 £	31 December 2013 £
Opening balance	1,431,638	2,187,671
Finance lease rents received	(403,736)	(779,386)
Finance lease interest	80,334	23,353
Closing balance	<u>1,108,236</u>	<u>1,431,638</u>

13. CREDITORS: Amounts falling due within one year

	31 December 2014 £	31 December 2013 £
Trade creditors	433,644	4,028,866
Loan from parent undertaking	1,058,912,754	1,137,652,560
Loans from fellow subsidiary undertakings	1,225,684,644	937,583,494
Amounts owed to parent undertakings	15,374,900	15,378,499
Amount owed to subsidiary undertaking	45,880,823	42,369,068
Amounts owed to fellow subsidiary undertakings	385,856,561	543,357,704
Corporation tax	62,103,219	57,229,315
Other taxes and social security	3,401,066	2,244,394
Other creditors	214,533	1,133,168
Accruals	32,874,440	25,955,262
Deferred income	6,528,866	2,448,978
	<u>2,837,265,450</u>	<u>2,769,381,308</u>

Loans due to parent and fellow subsidiary undertakings are repayable either on demand or at set dates within one year and carry interest at market rates which are linked either to LIBOR or to the rates payable on an issue of publicly quoted debentures by a fellow subsidiary undertaking.

14. CREDITORS: Amounts falling due after more than one year

	31 December 2014 £	31 December 2013 £
Loan from fellow subsidiary undertaking	<u>524,128,781</u>	<u>383,746,618</u>

The loan owed to a fellow subsidiary undertaking carries interest at 9% and is repayable in 2017.

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

15. PROVISION FOR LIABILITIES

	20 Canada Square £	Leaseback provisions One Churchill Place £	One Canada Square £	Becket House £	Rent subsidies 5 Churchill Place £	Total £
At 1 January 2014	2,513,167	962,007	5,173,502	-	3,112,543	11,761,219
Utilisation of provision	(148,500)	(2,743,756)	(1,701,678)	-	(2,757,211)	(7,351,145)
Unwind of discount	202,528	43,905	112,532	-	73,367	432,332
Increase/(decrease) in provision	(137,091)	2,292,736	4,195,853	27,835,947	(205,972)	33,981,473
At 31 December 2014	<u>2,430,104</u>	<u>554,892</u>	<u>7,780,209</u>	<u>27,835,947</u>	<u>222,727</u>	<u>38,823,879</u>
Total net rents due	3,242,591	626,787	8,188,723	32,489,496	229,213	44,776,810
Discount at 5.7%	(812,487)	(71,895)	(408,514)	(4,653,549)	(6,486)	(5,952,931)
	<u>2,430,104</u>	<u>554,892</u>	<u>7,780,209</u>	<u>27,835,947</u>	<u>222,727</u>	<u>38,823,879</u>

In connection with the letting to EY of 207,000 sq ft in 25 Churchill Place, the company has taken an assignment of EY's lease at Becket House. The space was immediately let back to EY under an agreement which terminates on the date of EY's drawdown of space in 25 Churchill Place. The building comprises 146,000 sq ft of office space on a lease expiring in September 2026 at an average rent of £35.00 psf. At 31 December 2014, the company has recognised a provision of £27.8m in respect of the estimated net liability, discounted at 5.7%.

The company has recognised a provision in respect of a lease over 81 car parking spaces at 20 Canada Square at an annual rent of £202,500 until 5 January 2028.

The company has recognised provisions in respect of leases totalling 133,400 sq ft in One Churchill Place, at a rent of £5.6 million per annum until July 2019.

The company has entered into leaseback agreements in respect of floor 24 of One Canada Square at a rent of £1.0 million per annum until June 2018, and in respect of floor 38 at a rent of £1.1 million per annum until December 2016.

The company is also party to a subsidy agreement in respect of 5 Churchill Place at an annual rent of £2.2 million until January 2015.

16. CALLED-UP SHARE CAPITAL

	31 December 2014 £	31 December 2013 £
Equity shares: Allotted, called-up and fully paid 662,516,350 (2012: 662,516,350) ordinary shares of £1 each	<u>662,516,350</u>	<u>662,516,350</u>

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

17. RESERVES

	Profit and loss account £
At 1 January 2014	280,715,702
Profit for the year	<u>20,702,856</u>
At 31 December 2014	<u>301,418,558</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2014 £	31 December 2013 £
Opening shareholders' funds	943,232,052	732,787,747
Profit for the year	<u>20,702,856</u>	<u>210,444,305</u>
Closing shareholders' funds	<u>963,934,908</u>	<u>943,232,052</u>

19. PENSION SCHEME

Canary Wharf Group plc operates a defined contribution pension scheme, within which the company participates. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge, which amounted to £1,019,171 for the company for the year (2013: £963,516), represents contributions payable by the company to the scheme.

20. POST BALANCE SHEET EVENTS

On 4 December 2014, Stork Holdings Limited, an entity jointly owned by Qatar Investment Authority and Brookfield Properties Partners LP, announced the terms of a final cash offer for the acquisition of the entire issued and to be issued ordinary share capital of Songbird Estates plc, the company's ultimate parent undertaking, at £3.50 per ordinary share. The offer became wholly unconditional on 5 February 2015. Having obtained more than 90.0% of the issued share capital, Stork Holdings Limited then announced a compulsory acquisition of Songbird Estates plc shares in respect of which acceptances of the offer had not been received.

This offer becoming unconditional triggered a mandatory equivalent cash offer for the issued and to be issued ordinary share capital of Canary Wharf Group plc at a price of £6.45 per share and the subsequent compulsory acquisition process of the Canary Wharf Group plc shares in respect of which acceptances of the offer had not been received.

The compulsory purchase periods lasted until 17 April 2015, at which time the shares were compulsorily purchased on the same terms as the original offers.

CANARY WHARF LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

21. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

As at 31 December 2014 and 31 December 2013 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings.

The company had the following commitments for future expenditure:

	31 December 2014 £	31 December 2013 £
Contracted for but not provided in the financial statements	–	93,070,000

The commitments for future expenditure relate to the completion of development properties where construction was committed at year end. Any costs accrued or provided for in the balance sheet at 31 December 2014 have been excluded.

The company has, in the course of its business, granted limited warranties or indemnities to its tenants in respect of building defects (and defects on the estate or in the car parks) caused through breach of its obligations as developer contained in any pre-let or other agreement. Offsetting this potential liability the company has received the benefit of warranties from the trade contractors and suppliers who work on such buildings.

22. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company's immediate parent undertaking is Canary Wharf Holdings Limited.

As at 31 December 2014, 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.