

CANARY WHARF CONTRACTORS (BP3) LIMITED

Registered number: 5601366

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



CANARY WHARF CONTRACTORS (BP3) LIMITED

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CANARY WHARF CONTRACTORS (BP3) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

In preparing this report, the directors have taken advantage of the small companies exemptions.

PRINCIPAL ACTIVITY

The company is the building contractor for the construction of 20 Churchill Place, Canary Wharf.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £52,054 (2015 - loss £6,143).

Dividends of £160,000 have been paid in the year (2015 - £NIL).

DIRECTORS

The directors who served during the year were:

A P Anderson II
Sir George Iacobescu CBE
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 2016 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.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 29 June 2017 and signed on its behalf.



J R Garwood
Secretary

CANARY WHARF CONTRACTORS (BP3) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 CONTRACTORS (BP3) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF CONTRACTORS (BP3) LIMITED

We have audited the financial statements of Canary Wharf Contractors (BP3) Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 13. The relevant financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 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 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 2016 and of its loss 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

CANARY WHARF CONTRACTORS (BP3) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF CONTRACTORS (BP3) LIMITED (CONTINUED)

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 or from the requirement to prepare a Strategic Report.



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

29 June 2017

CANARY WHARF CONTRACTORS (BP3) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover		-	78,275
Cost of sales		-	(77,500)
GROSS PROFIT		-	775
Interest receivable and similar income	6	11,974	14,378
Interest payable and similar charges	7	(64,028)	(21,296)
LOSS BEFORE TAX		(52,054)	(6,143)
Tax on loss	8	-	-
LOSS FOR THE YEAR		(52,054)	(6,143)
OTHER COMPREHENSIVE INCOME NET OF TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(52,054)	(6,143)

The notes on pages 8 to 13 form part of these financial statements.

CANARY WHARF CONTRACTORS (BP3) LIMITED
REGISTERED NUMBER: 5601366

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	25,590,356	25,812,082
Cash at bank and in hand		2,508,623	2,496,272
		<u>28,098,979</u>	<u>28,308,354</u>
Creditors: amounts falling due within one year	10	(28,098,978)	(28,096,299)
NET CURRENT ASSETS		<u>1</u>	<u>212,055</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1</u>	<u>212,055</u>
NET ASSETS		<u><u>1</u></u>	<u><u>212,055</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Retained earnings		-	212,054
		<u>1</u>	<u>212,055</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 June 2017.



R J J Lyons
Director

The notes on pages 8 to 13 form part of these financial statements.

CANARY WHARF CONTRACTORS (BP3) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2016	1	212,054	212,055
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(52,054)	(52,054)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(52,054)	(52,054)
Dividends: Equity capital	-	(160,000)	(160,000)
AT 31 DECEMBER 2016	<u>1</u>	<u>-</u>	<u>1</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2015	1	218,197	218,198
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(6,143)	(6,143)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(6,143)	(6,143)
AT 31 DECEMBER 2015	<u>1</u>	<u>212,054</u>	<u>212,055</u>

The notes on pages 8 to 13 form part of these financial statements.

CANARY WHARF CONTRACTORS (BP3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

Canary Wharf Contractors (BP3) Limited is an English Limited Company registered at One Canada Square, Canary Wharf, London, E14 5AB.

The nature of the company's operations and its principal activities are set out in the Directors' Report.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland").

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see Note 3).

The principal accounting policies have been applied consistently throughout the year and the preceding year and are summarised below:

2.2 Going concern

Having made the requisite enquiries and assessed the resources at the disposal of the company, the directors have a reasonable expectation that the company will have adequate resources to continue its operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

2.3 Cash flow statement

The company has taken the exemption from preparing the cash flow statement under Section 1.12(b) as it is a member of a group where the parent of the group prepares publicly available consolidated accounts which are intended to give a true and fair view.

2.4 Revenue

Revenue from construction contracts is recognised in accordance with the accounting policy on construction contracts.

CANARY WHARF CONTRACTORS (BP3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Construction contracts

Construction contracts consist of properties that are being constructed in accordance with long term development contracts and for which the detailed design specification of each building is agreed with the purchaser. Where applicable the contracts are split into 3 component parts: sale of land, completed construction works at the date of entering into the contracts; and on-going construction contracts.

Revenue on sale of land and completed construction works is recognised at the point that the significant risks and rewards are transferred to the buyer.

Revenue on construction contracts is recognised according to the stage reached in the contract using the percentage completion method. The percentage of completion is calculated by reference to costs incurred on the building compared with the estimated total costs. The gross amount due comprises costs incurred plus recognised profits less the sum of recognised losses and progress billings. Where the sum of recognised losses and progress billings exceeds costs incurred plus recognised profits, the amount is shown as payments on account.

If it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised immediately as an expense.

2.6 Financial instruments

The directors have taken advantage of the exemption in paragraph 1.12c of FRS 102 allowing the company not disclose the summary of financial instruments by the categories specified in paragraph 11.41.

Trade and other receivables

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 payables

Trade and other creditors are stated at cost.

Borrowings

Standard loans payable are recognised initially at the net proceeds including transaction costs, unless the gross proceeds do not represent the value of a financing transaction on an arm's length basis. In this case the present value of future payments discounted at a market rate of interest for a similar debt instrument is used in place of proceeds and the difference between the two amounts is accounted for as a capital contribution.

Subsequent to initial recognition, loans payable are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the Income Statement over the period of the loan, using the effective interest method.

Where loans are subject to contractual terms and arrangements that are non-standard they are recognised initially at fair value. The fair value is assessed as the present value of most likely cash flows, subject to the limitations of the underlying terms. Any movements are recognised in the income statement.

CANARY WHARF CONTRACTORS (BP3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.7 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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Valuation of intercompany debt

In assessing the carrying value of the non-standard loans, the company forecasts the present value of the most likely contractual cash flows of the underlying instrument. Estimates and judgments are made in the timing and quantum of the cash flows, the discount rate applied as well as the impact of the underlying terms that can be triggered in the agreements to change the cash flows. These assessments are reviewed and amended annually.

4. AUDITOR'S REMUNERATION

Auditor's remuneration of £800 (2015 - £800) for the audit of the company for the year has been borne by another group undertaking.

5. EMPLOYEES

The company has no employees other than the directors, who did not receive any remuneration (2015 - £NIL).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Other interest receivable	11,974	14,378
	<u>11,974</u>	<u>14,378</u>

CANARY WHARF CONTRACTORS (BP3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank interest payable	30	30
Loans from group undertakings	2,679	21,266
Other interest payable	61,319	-
	<u>64,028</u>	<u>21,296</u>

8. TAXATION

	2016 £	2015 £
Current tax on profits for the year	-	-
TOTAL CURRENT TAX	<u>-</u>	<u>-</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	<u>(52,054)</u>	<u>(6,143)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(10,411)	(1,244)
EFFECTS OF:		
Group relief	<u>10,411</u>	<u>1,244</u>
TOTAL TAX CHARGE FOR THE YEAR	<u>-</u>	<u>-</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The standard rate of corporation tax payable reduced from 21.0% to 20.0% with effect from 1 April 2015.

Enacted in the Finance Act (No.2) 2015 is a reduction in the corporation tax rate to 19.0% on 1 April 2017 and a further reduction to 17.0% on 1 April 2020. Deferred tax has been provided by reference to this enacted corporation tax rate.

CANARY WHARF CONTRACTORS (BP3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9. DEBTORS

	2016 £	2015 £
DUE WITHIN ONE YEAR		
Amounts owed by group undertakings	25,589,842	25,811,161
Prepayments and accrued income	514	921
	<u>25,590,356</u>	<u>25,812,082</u>

Amounts owed by group undertakings consist of the following:

	2016 £	2015 £
Amounts owed by parent undertaking	1	1
Amounts owed by fellow subsidiary undertakings	25,589,841	25,811,160
	<u>25,589,842</u>	<u>25,811,161</u>

Amounts owed by group undertakings are interest free and repayable on demand.

10. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Payments received on account	27,870,184	27,870,184
Trade creditors	149,589	126,115
Loan from fellow subsidiary undertaking	79,205	100,000
	<u>28,098,978</u>	<u>28,096,299</u>

The loan from a fellow subsidiary undertaking bears interest at 10%, subject to certain caps, and is repayable on demand. The company's liability under this loan is capped upon maturity at the net assets of the company. Consequently, at 31 December 2016, the carrying value of this loan has been reduced from its initial carrying amount by £20,795.

Payments received on account

	2016 £	2015 £
Total received	160,754,789	160,754,789
Cumulative interest	10,738,803	10,738,803
Cumulative utilisation	(143,623,408)	(143,623,408)
	<u>27,870,184</u>	<u>27,870,184</u>

CANARY WHARF CONTRACTORS (BP3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
1 January	27,870,184	27,870,184
Utilised	-	-
31 December	27,870,184	27,870,184

The company entered into an agreement with a fellow subsidiary whereby it would design and construct a building and the associated infrastructure at Canary Wharf in return for a fee which accrues over the life of the project. The company received a payment on account, equal to the estimated sums due including the fee. The fee is allocated against the initial payment as it becomes due.

11. SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

12. FINANCIAL COMMITMENTS

As at 31 December 2016 and 31 December 2015 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings.

13. CONTROLLING PARTY

The company's immediate parent undertaking is Canary Wharf (BP3) Limited.

As at 31 December 2016, 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 Investment Holdings plc. Copies of the financial statements may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB.

The largest group of which the company is a member for which group financial statements are drawn up is the consolidated financial statements of Stork HoldCo LP, an entity registered in Bermuda and the ultimate parent undertaking and controlling party. Stork HoldCo LP is registered at 73 Front Street, 5th Floor, Hamilton HM12, Bermuda.

Stork HoldCo LP is controlled as to 50% by Brookfield Property Partners LP and as to 50% by Qatar Investment Authority.

The directors have taken advantage of the exemption in paragraph 33.1A of FRS 102 allowing the company not to disclose related party transactions with respect to other group companies.