

Wood Wharf Property Holdings Limited

Directors' report and consolidated financial statements

For the year ended 31 December 2007

Registered number 05616851



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Directors' report

The directors present their report and consolidated financial statements for the year ended 31 December 2007. The comparative period is from 5 November 2005 to 31 December 2006.

Principal activities

The company acts as the Holding Company for the Wood Wharf Property Company Limited.

The profit of the group for the year ended 31 December 2007 was £143,351 (2006 loss £114,544). The profit of the company was £92,077 (2006 loss £141,008).

Directors and directors' interests

The directors who held office during the year were as follows:

Mark Bensted – ('A' Director)
James Froomberg – ('A' Director)
Stuart Mills – ('A' Director)
Quentin Pickford – ('A' Director)

A Peter Anderson II – ('B' Director)
Brian Fagan – ('B' Director)
Tim Farrow – ('B' Director)
George Iacobescu – ('B' Director)

Cornel Howells – Company Secretary

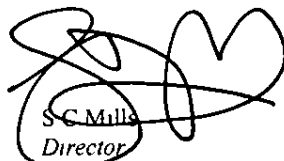
Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the board



S.C. Mills
Director

3rd July 2008

Statement of directors' responsibilities in respect of the director's report and the financial statements

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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Wood Wharf Property Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Wood Wharf Property Holdings Limited for the year ended 31 December 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group and parent company's affairs as at 31 December 2007 and of the profit of the group for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG LLP
Chartered Accountants
Registered Auditor

3rd July 2008
One Canada Square
London E14 5AG

Consolidated profit and loss account

For the year ended 31 December 2007

	Note	Year ended 31 December 2007	Period ended 31 December 2006		
			Acquisitions £	Continuing operations £	Total £
Turnover	2	352,272	310,046	-	310,046
Administration expenses		(353,300)	(273,436)	(28,392)	(301,828)
Other income		150	250	-	250
Operating (loss) / profit	3	(878)	36,860	(28,392)	8,468
Interest receivable	5	1,789,920	2,471	1,278,855	1,281,326
Interest payable	6	(1,652,950)	-	(1,402,187)	(1,402,187)
Profit / (loss) on ordinary activities before taxation		136,092	39,331	(151,724)	(112,393)
Tax on profit / (loss) on ordinary activities	7	7,259	(12,867)	10,716	(2,151)
Profit / (loss) for the financial year/period	18	143,351	26,464	(141,008)	(114,544)

The group has no recognised gains and losses other than those passing through the profit and loss account

All results for year ended 31 December 2007 are from continuing operations

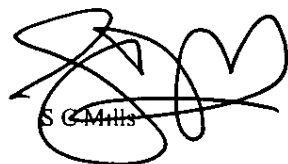
There is no difference between historical cost profits and losses and those presented above

Consolidated balance sheet

as at 31 December 2007

	Note	2007	2006
		£	£
Fixed assets			
Tangible fixed assets	8	25,612,879	25,672,420
Current assets			
Debtors	10	1,060,612	273,453
Cash at bank	11	30,846,934	31,472,819
		<u>31,907,546</u>	<u>31,746,272</u>
Creditors amounts falling due within one year	12	<u>(282,415)</u>	<u>(1,284,009)</u>
Net current assets		<u>31,625,131</u>	<u>30,462,263</u>
Total assets less current liabilities		<u>57,238,010</u>	<u>56,134,683</u>
Creditors amounts falling due after more than one year	13	<u>(57,208,203)</u>	<u>(56,248,227)</u>
Net assets / (liabilities)		<u>29,807</u>	<u>(113,544)</u>
Capital and reserves			
Called up ordinary share capital	17	1,000	1,000
Profit and loss account	18	28,807	(114,544)
Equity shareholders' funds / (deficit)	19	<u>29,807</u>	<u>(113,544)</u>

Approved and signed on 3rd July 2008 by



S G Mills


Director

Company balance sheet

as at 31 December 2007

	Note	2007	2006
		£	£
Fixed assets			
Fixed asset investment	9	25,877,536	25,935,642
Current assets			
Debtors	10	676,846	241,125
Cash at bank	11	30,827,088	31,075,680
		<u>31,503,934</u>	<u>31,316,805</u>
Creditors amounts falling due within one year	12	<u>(221,198)</u>	<u>(1,144,228)</u>
Net current assets		<u>31,282,736</u>	<u>30,172,577</u>
Total assets less current liabilities		<u>57,160,272</u>	<u>56,108,219</u>
Creditors amounts falling due after more than one year	13	<u>(57,208,203)</u>	<u>(56,248,227)</u>
Net liabilities		<u>(47,931)</u>	<u>(140,008)</u>
Capital and reserves			
Called up ordinary share capital	17	1,000	1,000
Profit and loss account	18	<u>(48,931)</u>	<u>(141,008)</u>
Equity shareholders' deficit	19	<u>(47,931)</u>	<u>(140,008)</u>

Approved and signed on 3rd July 2008 by


 S. C. Mills
 Director

Consolidated cash flow statement

for the year ended 31 December 2007

	Note	Year ended 31 December 2007 £	Period ended 31 December 2006 £
Cash flow from operating activities	14	(98,985)	75,786
Returns on investment and servicing of finance			
Interest receivable		1,745,238	1,051,917
Interest payable		(677,998)	(451,807)
		<u>1,067,240</u>	<u>600,110</u>
Taxation		(24,653)	-
Acquisitions and disposals			
Purchase of subsidiary undertaking		-	(1,000,277)
Cash acquired with subsidiary		-	377,713
		<u>-</u>	<u>(622,564)</u>
Cash inflow before financing		<u>943,602</u>	<u>53,332</u>
Financing			
Shareholder loans received		-	30,450,000
Short term loans received from/(repaid to) related entity		(1,566,508)	966,508
		<u>(1,566,508)</u>	<u>31,416,508</u>
Net cash flow from financing		<u>(1,566,508)</u>	<u>31,416,508</u>
(Decrease)/ increase cash in the year/period		<u>(622,906)</u>	<u>31,469,840</u>
Reconciliation of net cash flow to movement in net debt			
		£	£
(Decrease)/increase cash in the year/period		(622,906)	31,469,840
Cash inflow short term loans received from/(repaid to) related entity		1,566,508	(31,416,508)
Interest chargeable on short term loans to related entity		1,750	-
Loan notes issued on acquisition of subsidng		-	(24,935,365)
Amortisation of deep discount on loan notes		(959,976)	(862,862)
Net debt at start of year/period		<u>(25,744,895)</u>	<u>-</u>
Net debt at end of year/period		<u>(25,759,519)</u>	<u>(25,744,895)</u>

Notes

(forming part of the financial statements)

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of investment properties, and in accordance with applicable UK accounting standards

b) Consolidation

The consolidated accounts include the accounts of the parent and all subsidiaries. Subsidiaries acquired during the year are included from the date of acquisition.

c) Parent company

In accordance with Section 230 (3) of the Companies Act 1985 a separate profit and loss account for the parent is not presented.

d) Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

e) Fixed assets

Fixed assets are stated at cost less depreciation. Depreciation is charged on a straight line basis at 25% pa with a full year's depreciation in the year of acquisition.

f) Properties

Investment properties are valued annually at market value. Any surplus or deficit is taken to the revaluation reserve unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account.

In accordance with Statement of Standard Accounting Practice 19, no amortisation or depreciation is provided in respect of freehold or long leasehold properties. The directors consider that this accounting policy, which represents a departure from the Companies Act 1985, is necessary to provide a true and fair view.

The financial effect of the departure from these rules is currently nil.

Development properties are stated at cost, except where the market value is below cost, when they are revalued to the lower amount.

2 Turnover

Turnover represents rents charged to tenants and is stated net of VAT.

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3 Operating (loss) / profit

Operating (loss) / profit is stated after charging

	Group 2007 £	Group 2006 £
Depreciation of tangible assets	1,435	2,206
Auditors' remuneration	15,500	5,000
	<u>15,500</u>	<u>5,000</u>

4 Employees

	Group 2007 £	Group 2006 £
Wages and salaries	47,210	96,977
Social security costs	4,782	9,192
	<u>51,992</u>	<u>106,169</u>

The average number of employees of the group during the year/period was 2 (2006 4)

No emoluments were paid to the directors by the company

5 Interest receivable

	Group 2007 £	Group 2006 £
Bank interest receivable	1,789,508	1,281,322
Other	412	4
	<u>1,789,920</u>	<u>1,281,326</u>

6 Interest payable and similar charges

	Group 2007 £	Group 2006 £
Interest on 'A' loan notes	661,677	501,153
Amortisation of deep discount on 'B', 'C' & 'D' loan notes	959,968	862,862
Guarantee fees	31,305	38,167
Other interest payable	-	5
	<u>1,652,950</u>	<u>1,402,187</u>

7 Tax on profit / (loss) on ordinary activities

Analysis of charge for the year/period

	Group 2007 £	Group 2006 £
Current tax on income for the year/period	11,229	2,151
Adjustments in respect of prior periods	(18,488)	-
	<u>(7,259)</u>	<u>2,151</u>

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The current tax charge for the year/period differs from the standard rate of corporation tax in the UK (30%) The differences are explained below

	Group 2007 £	Group 2006 £
<i>Current tax reconciliation</i>		
Profit / (loss) on ordinary activities before tax	136,092	(112,393)
	<hr/>	<hr/>
Current tax (charge) / credit at 30%	(40,828)	33,718
<i>Effects of</i>		
Difference in rate applicable	5,794	-
Utilisation of tax credit	23,308	(34,802)
Other differences	497	(1,067)
Adjustment to charge in respect of prior periods	18,488	-
	<hr/>	<hr/>
Total current tax credit/(charge) (see above)	7,259	(2,151)
	<hr/>	<hr/>

No deferred tax asset has been recognised in respect of the company's tax loss of £nil (2006 £116,005) as the company does not expect to make a profit to utilise this against for the foreseeable future

No provision has been made for the estimated taxation liability of £5,786,949 (2006 £5,931,005) which would arise if the freehold properties were sold at the carrying value at 31 December 2007

8 Tangible fixed assets

	Group Plant & machinery £	Group land & buildings £	Group Total £
Cost			
Balance as at 1 January 2007	11,767	25,662,859	25,674,626
*Disposal	-	(58,106)	(58,106)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2007	11,767	25,604,753	25,616,520
	<hr/>	<hr/>	<hr/>
Depreciation			
Balance as at 1 January 2007	2,206	-	2,206
Charge during the year	1,435	-	1,435
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2007	3,641	-	3,641
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2007	8,126	25,604,753	25,612,879
	<hr/>	<hr/>	<hr/>
At 31 December 2006	9,561	25,662,859	25,672,420
	<hr/>	<hr/>	<hr/>

* Disposal The reduction in the land and buildings relates to a reduction in the previously estimated level of costs relating to the acquisition of the Wood Wharf Property Company in 2006

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For the year ended 31 December 2007

9 Fixed asset investment

On 6 February 2006 the company acquired all of the issued share capital of Wood Wharf Property Company Limited

	Total £
Cost	
Balance at 1 January 2007	25,935,642
Disposal	(58,106)
	<hr/>
Balance at 31 December 2007	25,877,536
	<hr/>

10 Debtors

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	92,283	42,014	6,462	-
Amounts due from related party	601,750	-	328,512	10,716
Other debtors	80,583	2,030	63,060	1,000
Prepayments and accrued income	285,996	229,409	278,812	229,409
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	1,060,612	273,453	676,846	241,125
	<hr/>	<hr/>	<hr/>	<hr/>

11 Cash at bank

Included in cash at bank is £30,778,092 which is held as collateral by The Royal Bank of Scotland who provide a bank guarantee for the loan notes issued on 6 February 2006

12 Creditors' amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	-	2,979	-	-
Trade creditors	113,204	17,853	113,204	-
Amounts owed to WWLP	-	966,508	-	941,508
Other taxes and social security	-	43,811	-	28,808
Other creditors	585	54,293	-	-
Corporation tax	11,229	24,653	-	-
Accruals	157,397	173,912	107,994	173,912
	<hr/>	<hr/>	<hr/>	<hr/>
	282,415	1,284,009	221,198	1,144,228
	<hr/>	<hr/>	<hr/>	<hr/>

13 Creditors' amounts falling due after more than one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Shareholder loans	30,450,000	30,450,000	30,450,000	30,450,000
Loan notes	26,758,203	25,798,227	26,758,203	25,798,227
	<hr/>	<hr/>	<hr/>	<hr/>
	57,208,203	56,248,227	57,208,203	56,248,227
	<hr/>	<hr/>	<hr/>	<hr/>

13 Creditors' amounts falling due after more than one year (continued)

Shareholder loans were advanced in equal proportion from British Waterways and Canary Wharf Ballymore (General Partner) Limited. The loans are non interest bearing and although the terms state they are repayable on demand, the directors have every expectation that repayment will not be called upon within the next 12 months.

Loan notes were issued in 4 tranches, details as follows

	At issue £	Discount £	Nominal value £	Interest trigger date £
'A' loan notes	9,695,808	-	9,695,808	6 February 2006
'B' loan notes	6,812,907	1,187,093	8,000,000	6 February 2009
'C' loan notes	5,499,495	2,500,505	8,000,000	6 February 2013
'D' loan notes	2,927,155	2,072,845	5,000,000	6 February 2013
	<u>24,935,365</u>	<u>5,760,443</u>	<u>30,695,808</u>	

The loan notes were issued at a discount, the discount rate being 5.5% p.a.

Following the interest trigger date, interest is payable at 3 month LIBOR plus 1% p.a. The loan notes are cash collateralised (see note 11) and are due for repayment 15 years from the date of issue. If the holder of the loan notes serves a redemption notice before the repayment date then the loan note repayment date is 12 months from the date of the notice so long as that date does not fall due before the interest trigger date. No such notices had been received at the balance sheet date.

14 Reconciliation of operating profit to operating cash flows

	Group 2007 £	Group 2006 £
Operating (loss)/profit	(878)	8,468
Depreciation charges	1,435	2,206
Movements in debtors	(62,873)	(9,603)
Movement in creditors	(36,669)	74,715
	<u>(98,985)</u>	<u>75,786</u>

15 Analysis of changes in net debt-

	At 31 December 2006 £	Cash flow £	Other non cash charges £	At 31 December 2007 £
Cash at bank and in hand	31,472,819	(625,885)	-	30,846,934
Overdrafts	(2,979)	2,979	-	-
	<u>31,469,840</u>	<u>(622,906)</u>	<u>-</u>	<u>30,846,934</u>
Debt due within one year	(966,508)	1,566,508	1,750	601,750
Debt due after more than one year	(56,248,227)	-	(959,976)	(57,208,203)
	<u>(57,214,735)</u>	<u>1,566,508</u>	<u>(958,226)</u>	<u>(56,606,453)</u>

16 Financial commitments

At 31 December 2007 the company had no authorised and contracted capital commitments except for obligations in respect of loan notes issued during the period. These have been fully provided for in the financial statements (note 13)

17 Called up ordinary share capital

	2007		2006	
	No	£	No	£
Authorised				
Ordinary shares of £1 each at 31 December 2006 and 31 December 2007	1,000	1,000	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Allotted and called up				
Ordinary shares of £1 each at 31 December 2006 and 31 December 2007	1,000	1,000	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18 Profit and loss account

	Group	Company
	£	£
At 1 January 2007	(114,544)	(141,008)
Profit for the year	143,351	92,077
	<u> </u>	<u> </u>
At 31 December 2007	28,807	(48,931)
	<u> </u>	<u> </u>

19 Movement in equity shareholders' funds

	Group	Company
	2007	2007
	£	£
Profit for the year	143,351	92,077
Equity shareholders' deficit at start of year	(113,544)	(140,008)
	<u> </u>	<u> </u>
Equity shareholders' (deficit) / funds at end of year	29,807	(47,931)
	<u> </u>	<u> </u>

20 Related party transactions

The company made a short term advance of £300,000 and is owed £1,750 by Wood Wharf Limited Partnership, a company owned and controlled by the ultimate parent of Wood Wharf Property Holdings Limited

21 Ultimate parent company and parent undertaking of larger group

The company is owned in equal proportions by British Waterways and Canary Wharf Ballymore (General Partner) Limited, both companies registered in England and Wales. The ultimate holding and controlling undertakings are British Waterways, Canary Wharf Group PLC, both companies registered in England and Wales, and Ballymore Properties, an unlimited company registered in Ireland