Wood Wharf Property Holdings Limited

Directors' report and consolidated financial statements

For the year ended 31 December 2008

Registered number: 05616851

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Contents

Directors' report

The directors present their report and consolidated financial statements for the year ended 31 December 2008.

Principal activities

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

Business Review

The profit of the group for the year ended 31 December 2008 was £151,404 (2007: £143,351). The profit of the company was £100,652 (2007: £92,077).

Directors and directors' interests

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

Mark Bensted – ('A' Director)
James Froomberg – ('A' Director) – resigned 3 July 2008
Stuart Mills – ('A' Director)
Quentin Pickford – ('A' Director)

Anthony James Sidney Jordan – ('B' Director)
Brian Fagan – ('B' Director)
Tim Farrow – ('B' Director) – resigned 4 December 2008
George Iacobescu – ('B' Director)
Matthew Robinson – ('B' Director) – appointed 12 March 2009

Cornel Howells – Company Secretary – resigned 14 May 2009
Prism Cosec – Company Secretary - appointed 14 May 2009

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

Q P Pickford
Director

14 May 2009

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 2008 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 2008 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

KPMG LLP
Chartered Accountants
Registered Auditor

14 May 2009
One Canada Square
London E14 5AG

Consolidated profit and loss account

For the year ended 31 December 2008

	Note	Year ended 31 December 2008	Year ended 31 December 2007
			£
Turnover	*2*	**285,751**	352,422
Administration expenses		**(223,501)**	(353,300)
Operating profit / (loss)	*3*	**62,250**	(878)
Interest receivable	*5*	**1,778,869**	1,789,920
Interest payable	*6*	**(1,659,764)**	(1,652,950)
Profit on ordinary activities before taxation		**181,355**	136,092
Tax on profit on ordinary activities	*7*	**(29,951)**	7,259
Profit for the financial year	*18*	**151,404**	143,351

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

All results 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 2008

	Note		**2008**		2007
		£	£	£	£
Fixed assets					
Tangible fixed assets	*8*		**25,608,994**		25,612,879
Current assets					
Debtors	*10*	**988,001**		1,060,612	
Cash at bank	*11*	**32,065,382**		30,846,934	
		33,053,383		31,907,546	
Creditors: amounts falling due within one year	*12*	**(312,475)**		(282,415)	
Net current assets			**32,740,908**		31,625,131
Total assets less current liabilities			**58,349,902**		57,238,010
Creditors: amounts falling due after more than one year	*13*		**(58,168,691)**		(57,208,203)
Net assets			**181,211**		29,807
Capital and reserves					
Called up ordinary share capital	*17*		**1,000**		1,000
Profit and loss account	*18*		**180,211**		28,807
Equity shareholders' funds	*19*		**181,211**		29,807

Approved and signed on 14 May 2009 by

Q P Pickford

Director

Company balance sheet

as at 31 December 2008

	Note		2008		2007
		£	£	£	£
Fixed assets					
Fixed asset investment	9		**25,877,536**		25,877,536
Current assets					
Debtors	*10*	**590,839**		676,846	
Cash at bank	*11*	**31,946,617**		30,827,088	
		32,537,456		31,503,934	
Creditors: amounts falling due within one year	*12*	**(193,580)**		(221,198)	
Net current assets			**32,343,876**		31,282,736
Total assets less current liabilities			**58,221,412**		57,160,272
Creditors: amounts falling due after more than one year	*13*		**(58,168,691)**		(57,208,203)
Net assets/(liabilities)			**52,721**		(47,931)
Capital and reserves					
Called up ordinary share capital	*17*		**1,000**		1,000
Profit and loss account	*18*		**51,721**		(48,931)
Equity shareholders' funds / (deficit)	*19*		**52,721**		(47,931)

Approved and signed on 14 May 2009 by

Quentin P Pickford

Director

Consolidated cash flow statement

for the year ended 31 December 2008

	Note	Year ended 31 December 2008 £	£	Year ended 31 December 2007 £	£
Cash flow from operating activities	*14*		**70,223**		(98,985)
Returns on investment and servicing of finance					
Interest receivable		**1,797,269**		1,745,238	
Interest payable		**(656,745)**		(677,998)	
			1,140,524		1,067,240
Taxation			**7,701**		(24,653)
Cash inflow before financing			**1,218,448**		943,602
Financing					
Short term loans repaid to related entity		**-**		(1,566,508)	
Net cash flow from financing			**-**		(1,566,508)
Increase / (decrease) cash in the year	*15*		**1,218,448**		(622,906)

Reconciliation of net cash flow to movement in net debt

	Note	£	£
Increase / (decrease) cash in the year		**1,218,448**	(622,906)
Short term loans repaid to related entity		**-**	1,566,508
Interest chargeable on short term loans to related entity		**-**	1,750
Amortisation of deep discount on loan notes		**(960,488)**	(959,976)
Net debt at start of year		**(25,759,519)**	(25,744,895)
Net debt at end of year	*15*	**(25,501,559)**	(25,759,519)

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 and in accordance with applicable UK accounting standards.

b) Consolidation

The consolidated accounts include the accounts of the parent and all subsidiaries. Subsidiaries acquired 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

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

g) Discount on loan rates

Discount on loan notes is amortised and disclosed as interest payable in the profit and loss account. The discount charged is on a straight line basis through to maturity of the loan notes.

2 Turnover

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

3 Operating profit

Operating profit is stated after charging:

	Group 2008 £	Group 2007 £
Depreciation of tangible assets	**3,885**	1,435
Auditors' fee for the company	**-**	4,500
Auditors' fees for subsidiaries	**4,240**	11,000

The audit fee of £3,000 for the Company is paid by Wood Wharf Limited Partnership, a related entity.

4 Employees

	Group 2008 £	Group 2007 £
Wages and salaries	**49,223**	47,210
Social security costs	**4,421**	4,782
	53,644	51,992

The average number of employees of the group during the year was 1 (2007: 2).

No emoluments were paid to the directors by the company.

5 Interest receivable

	Group 2008 £	Group 2007 £
Bank interest receivable	**1,778,869**	1,789,508
Other	**-**	412
	1,778,869	1,789,920

6 Interest payable and similar charges

	Group 2008 £	Group 2007 £
Interest on 'A' loan notes	**660,983**	661,677
Amortisation of deep discount on 'B', 'C' & 'D' loan notes	**960,488**	959,968
Guarantee fees	**38,293**	31,305
	1,659,764	1,652,950

7 Tax on profit on ordinary activities

Analysis of charge for the year	**Group 2008 £**	Group 2007 £
Current tax on income for the year	**29,981**	11,229
Adjustments in respect of prior periods	**(30)**	(18,488)
	29,951	(7,259)

The current tax charge for the year differs from the standard rate of corporation tax in the UK (28.5%) (2007: 30%). The differences are explained below.

	Group 2008 £	Group 2007 £
Current tax reconciliation		
Profit on ordinary activities before tax	**181,355**	136,092
Current tax charge at 20.75% (2007: 30%)	**(37,631)**	(40,828)
Effects of:		
Difference in rate applicable	**-**	5,794
Utilisation of tax credit	**7,893**	23,308
Other differences	**(243)**	497
Adjustment to charge in respect of prior periods	**30**	18,488
Total current tax (charge) / credit (see above)	**(29,951)**	7,259

No provision has been made for the estimated taxation liability of £5,383,960 (2007: £5,786,949) which would arise if the freehold properties were sold at the carrying value at 31 December 2008.

8 Tangible fixed assets

	Group Plant & machinery £	Group land & buildings £	Group Total £
Cost			
Balance as at 31December 2008 and 31 December 2007	11,767	25,604,753	25,616,520
Depreciation			
Balance as at 1 January 2008	3,641	-	3,641
Charge during the year	3,885	-	3,885
Balance at 31 December 2008	7,526	-	7,526
Net book value			
At 31 December 2008	4,241	25,604,753	25,608,994
At 31 December 2007	8,126	25,604,753	25,612,879

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 2008 and 31 December 2008	25,877,536

10 Debtors

	Group		Company	
	2008	2007	**2008**	2007
	£	£	**£**	£
Trade debtors	**62,453**	92,283	**-**	6,462
Amounts due from related party	**601,750**	601,750	**329,956**	328,512
Other debtors	**50,585**	80,583	**500**	63,060
Prepayments and accrued income	**273,213**	285,996	**260,383**	278,812
	988,001	1,060,612	**590,839**	676,846

11 Cash at bank

Included in cash at bank is £31,890,431 (2007: £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	
	2008	2007	**2008**	2007
	£	£	**£**	£
Trade creditors	**1,990**	113,204	**1,980**	113,204
Corporation tax	**29,981**	11,229	**16,396**	-
Other taxes and social security	**33,359**	-	**24,679**	-
Other creditors	**52,021**	585	**-**	-
Accruals	**195,124**	157,397	**150,525**	107,994
	312,475	282,415	**193,580**	221,198

13 Creditors: amounts falling due after more than one year

	Group		Company	
	2008	2007	**2008**	2007
	£	£	**£**	£
Shareholder loans	**30,450,000**	30,450,000	**30,450,000**	30,450,000
Loan notes	**27,718,691**	26,758,203	**27,718,691**	26,758,203
	58,168,691	57,208,203	**58,168,691**	57,208,203

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 shareholders have confirmed that repayment will not be called upon within the next 12 months.

In February 2006, the Company acquired the entire share capital of WoodWharf Property Company Limited. The consideration was the issue of loan notes with a nominal value of £30,695,808. The loan notes were issued at a discount, the discount rate being 5.5% p.a.

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 2016
	24,935,365	5,760,443	30,695,808	

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 2008 £	Group 2007 £
Operating profit/(loss)	**62,250**	(878)
Depreciation charges	**3,885**	1,435
Movements in debtors	**(25,805)**	(62,873)
Movement in creditors	**29,893**	(36,669)
	70,223	(98,985)

15 Analysis of changes in net debt

	At 31 December 2007 £	Cash flow £	Other non cash charges £	At 31 December 2008 £
Cash at bank and in hand	30,846,934	1,218,448	-	32,065,382
	30,846,934	1,218,448	-	32,065,382
Debt due within one year	601,750	-	-	601,750
Debt due after more than one year	(57,208,203)	-	(960,488)	(58,168,691)
	(25,759,519)	1,218,448	(960,488)	(25,501,559)

16 Financial commitments

At both 31 December 2008 and 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

	2008		2007	
	No.	**£**	No.	£
Authorised:				
Ordinary shares of £1 each at 31 December 2007 and 31 December 2008	**1,000**	**1,000**	1,000	1,000
Allotted and called up:				
Ordinary shares of £1 each at 31 December 2007 and 31 December 2008	**1,000**	**1,000**	1,000	1,000

18 Profit and loss account

	Group	Company
	£	£
At 1 January 2008	28,807	(48,931)
Profit for the year	151,404	100,652
At 31 December 2008	180,211	51,721

19 Movement in equity shareholders' funds

	Group	Company
	2008	2008
	£	£
Profit for the year	151,404	100,652
Equity shareholders' funds / (deficit) at start of year	29,807	(47,931)
Equity shareholders' funds at end of year	181,211	52,721

20 Related party transactions

During 2007 the company made an advance of £300,000 to Wood Wharf Limited Partnership; a company owned and controlled by the ultimate parent of Wood Wharf Property Holdings Limited. The total amount due to the group from Wood Wharf Limited Partnership as at 31 December 2008 was £601,750 (2007: £601,750). This is non interest bearing and is repayable on demand.

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 is British Waterways, Canary Wharf Group PLC, both companies registered in England and Wales, and Ballymore Properties, an unlimited company registered in Ireland.