

CANARY WHARF CONTRACTORS LIMITED
Registered Number: 2352250

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

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CANARY WHARF CONTRACTORS LIMITED

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CANARY WHARF CONTRACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report with the audited financial statements for the year ended 31 December 2010

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Canary Wharf Group plc and its ultimate parent undertaking is Songbird Estates plc

The principal activity of the company is building contracting. All activities take place within the United Kingdom. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the coming year.

Construction is continuing on the Riverside South site which was pre-sold to JP Morgan in 2008. JP Morgan has the option of not proceeding with further construction on this site following completion of works up to street level. If construction of the Riverside South building does not continue, the company will be paid for the completed work and also retain £76.0 million representing a portion of the developer's profits relating to the development (of which £68.5 million had been received by the year end). If JP Morgan proceeds with full construction, additional fees will be due.

Construction on the Crossrail station at Canary Wharf commenced in May 2009. The station will include around 100,000 sq ft of additional retail space. Work on the station box is on budget and on schedule for completion in 2012.

As shown in the company's profit and loss account, the company's profit after tax for the year was £836,715 (2009: £3,277,721).

The balance sheet shows the company's financial position at the year end and indicates that net assets were £1,051,293 (2009: £3,514,578). Details of amounts owed to group companies are shown in Note 11.

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.

There have been no significant events since the balance sheet date.

CANARY WHARF CONTRACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 31 December 2010 is set out on page 10. Dividends of £3,300,000 (2009 £4,300,000) have been paid during the year and the retained loss of £2,463,285 (2009 loss of £1,022,279) has been transferred to reserves.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position (including the principal risks and uncertainties), are set out in this Directors' Report. The finances of the company and its liquidity position and borrowings are, where appropriate, also described in this report.

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.

DIRECTORS

The directors of the company throughout the year ended 31 December 2010 were

A P Anderson II
G Iacobescu
R J J Lyons

The company provides an indemnity to all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The company also has in place liability insurance covering the directors and officers of the company. Both the indemnity and insurance were in force during the year ended 31 December 2010 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.

CANARY WHARF CONTRACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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 and construction markets, financing risk and concentration risk

Cyclical Nature of the Property and Construction Markets

The core construction business of the company is subject to many external economic and market factors which are cyclical in nature. The turmoil in the financial markets during 2008 and 2009 was reflected in the property and construction markets by such factors as the oversupply of available space in the office market, a significant decline in tenant demand for space in London and a change in the market perception of property as an investment resulting in a negative impact on property valuations in general and a reduction in construction activity. In the latter half of 2009 and during the course of 2010 there have been signs of a tightening of supply which has resulted in an increase in valuations and a compression of yields. Changes in financial and property markets are kept under constant review so that the company can react appropriately. The impact of the ongoing uncertainty in the property, construction and financial markets continues to be closely monitored.

Financing Risk

The broader economic cycle inevitably leads to movements in inflation, interest rates and bond yields. The company finances its operations largely through surplus cash and intercompany finance. The ongoing financial markets' uncertainty continues to significantly limit the availability of funding. In common with other UK property companies, such lack of financing facilities may have an impact on the business of Canary Wharf Group if the lending markets remain limited for the foreseeable future.

Concentration Risk

The majority of Canary Wharf Group's real estate assets, including the assets of the company, are currently located on or adjacent to the Canary Wharf Estate, with tenants that are mainly linked to the financial services industry. Wherever possible steps are taken to mitigate or avoid material consequences arising from this concentration.

The principal risks facing the Canary Wharf Group are discussed in the Annual Report of Canary Wharf Group plc, which does not form part of this report.

POLICIES

Payment of creditors

In respect of the company's suppliers it is the company's policy to settle the terms of payment with those suppliers when agreeing the terms of each transaction, ensure that those suppliers are made aware of the terms of payment and abide by the terms of payment.

The number of days of purchases outstanding at 31 December 2010 was 2 (2009: 2).

CANARY WHARF CONTRACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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.

Equal opportunities

The company is committed to equality of opportunity and it is the policy of the company to make all employment decisions based on the applicant's ability, experience and qualification without regard to age, sex, race, colour, sexual orientation, ethnic origin, disability or marital status. The company values the benefits a diverse workforce can bring. The company embraces diversity as a practical contribution to its business success.

Due consideration is given to the recruitment, promotion, training and working conditions of all employees including those with disabilities. In the event of an employee becoming disabled the company uses its best endeavours to ensure continuity of employment.

Training and development

The policy of the company is to continuously develop its workforce with the aim of maximising its success in the marketplace. The training and development of staff is, therefore, integral to the business process. An annual appraisal programme enables the assessment of individual performance, progress and career prospects within the company.

Health and Safety

It is the Canary Wharf Group's policy, within which the company operates, that the working conditions of its employees incorporate the best standards of health, safety and welfare that can reasonably be achieved and that all group premises are maintained as safe environments. Accordingly, adequate resources are made available for these purposes and procedures exist to enable all staff to be informed and consulted on health and safety matters and to make known their views.

When striving to create the best standards of the built environment the Canary Wharf Group seeks to promote a safe and healthy environment for its employees, tenants and visitors. The Canary Wharf Group's continuing commitment to ensuring such a safe and healthy environment is embodied into the formally adopted group health, safety and welfare policy. All legislation relating to health and safety is observed both in letter and in spirit.

CANARY WHARF CONTRACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

Environmental

The company is committed to fully understanding the environmental and social impact of development on the Estate and of outside projects as appropriate. As a result, it is also committed to applying environmental best practice wherever practical in the design, construction and management of buildings and their surroundings for the benefit of tenants, employees, the local community, shareholders and the environment. 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. The company is a member of the Considerate Constructors Scheme and the Better Building Partnership and via Canary Wharf Group plc, the UK Green Building Council and the Green500.

Environmental responsibility

The Canary Wharf Group plc board retains overall responsibility for the monitoring and implementation of the group's environmental policy and is assisted by the group's Environmental Management Review Group which comprises senior executives of the group. A clear governance process has been developed and implemented to enable the Environmental Management Review 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 Environmental Management Review Group is responsible for the development and establishment of the Environmental Management System 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 System and as a result is incorporated into the staff induction programme with regular updates via in-house newsletters and presentations.

The group publishes annually a separate Corporate Social Responsibility Report which provides details of performance against specified targets and objectives. 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 CONTRACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

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

BY ORDER OF THE BOARD



J R Garwood

Company Secretary

27 June 2011

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

Registered Number 2352250

CANARY WHARF CONTRACTORS 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 accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CANARY WHARF CONTRACTORS LIMITED

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

We have audited the financial statements of Canary Wharf Contractors Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related Notes 1 to 19. 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

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

CANARY WHARF CONTRACTORS LIMITED

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

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



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

27 June 2011

CANARY WHARF CONTRACTORS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
TURNOVER	2	75,235,785	210,298,428
Cost of sales		(74,259,998)	(206,742,651)
GROSS PROFIT		975,787	3,555,777
Administrative expenses		(149,161)	(273,680)
Other operating income		160	—
OPERATING PROFIT	3	826,786	3,282,097
Interest receivable and similar income	5	30,021	37,904
Interest payable and similar charges	6	(3,517)	(1,214)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		853,290	3,318,787
Tax on profit on ordinary activities	7	(16,575)	(41,066)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	15	836,715	3,277,721

Movements in reserves are shown in Note 15 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 2010 or the year ended 31 December 2009 other than those included in the profit and loss account

The Notes on pages 12 to 20 form an integral part of these financial statements.

CANARY WHARF CONTRACTORS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	31 December 2010 £	31 December 2009 £
CURRENT ASSETS			
Work in progress	9	54,723,320	25,101,931
Debtors	10		
Amounts falling due after one year		497,201,734	468,500,262
Amounts falling due within one year		322,905,098	326,513,461
Cash in hand		6,772,396	10,537,077
		<u>881,602,548</u>	<u>830,652,731</u>
CREDITORS: Amounts falling due within one year	11	<u>(274,799,301)</u>	<u>(243,697,690)</u>
NET CURRENT ASSETS		<u>606,803,247</u>	<u>586,955,041</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>606,803,247</u>	<u>586,955,041</u>
CREDITORS: Amounts falling due after more than one year	12	<u>(605,751,954)</u>	<u>(583,440,463)</u>
NET ASSETS		<u>1,051,293</u>	<u>3,514,578</u>
CAPITAL AND RESERVES			
Called-up share capital	14	2	2
Profit and loss account	15	1,051,291	3,514,576
SHAREHOLDERS' FUNDS	16	<u>1,051,293</u>	<u>3,514,578</u>

The Notes on pages 12 to 20 form an integral part of these financial statements

APPROVED BY THE BOARD ON 27 JUNE 2011 AND SIGNED ON ITS BEHALF BY



R J J LYONS
DIRECTOR

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the year and the preceding year, is set out below

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared on the going concern basis as described in the Directors' Report.

In accordance with the provisions of FRS 1 (Revised) the company is exempt from the requirements to prepare a cash flow statement, as it is a wholly-owned subsidiary of Canary Wharf Group plc, which has prepared a consolidated cash flow statement.

Turnover

Turnover which is stated net of VAT comprises amounts charged in respect of the provision of building services and revenues earned on long term contracts.

Interest receivable and interest payable

Interest receivable and payable are recognised in the period in which they fall due. Interest earned on amounts received in advance of future construction work is deferred and included within creditors as a component of payments on account.

Dividends

Dividend distributions to the company's shareholders are recognised in the financial statements in the period in which the dividends are paid or approved by the company's shareholders.

Work in progress

Work in progress includes costs incurred under both construction and development contracts.

Work in progress on construction contracts is stated at the lower of cost and net realisable value. Cost includes construction costs and development expenditure, including employee and related costs.

Development contracts are accounted for as long term contracts in accordance with SSAP9. Turnover on such contracts is calculated by reference to the estimated value 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.

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Trade and other creditors

Trade and other creditors are stated at cost

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. The company is part of a UK group for group relief purposes and accordingly may take advantage of the group relief provisions whereby current taxable profits can be offset by current tax losses arising in other companies in that group. The group's policy is that no payment will be made for tax losses surrendered under the group relief provisions.

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 0.4% to 2.5% 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 CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Accounting for share options

The economic cost to the company of share option schemes is charged to the same expense category as the employment cost of the relevant employee, spread on a straight line basis over the relevant performance criteria period

The economic cost represents either the acquisition cost of the shares or the market value of the shares at the date the options are granted, less any amount recoverable from the employee

Where relevant, provision is made for employers' National Insurance contributions based on the market value of the share options at the balance sheet date and spread on a straight line basis over the period of the relevant performance criteria

2. TURNOVER

An analysis of turnover is given below:

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Rental income	47,481	46,956
Revenue recognised on long term contracts	15,444,539	25,819,659
Construction revenue	59,743,765	184,431,813
	<u>75,235,785</u>	<u>210,298,428</u>

3. OPERATING PROFIT

Operating profit is stated after charging

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Remuneration of the auditors		
Audit fees for the audit of the company	12,000	12,000

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

4. EMPLOYEE INFORMATION

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Wages and salaries	14,433,861	18,224,811
Social security costs	1,473,416	1,842,670
Other pension costs (Note 17)	1,455,668	1,869,208
	<u>17,362,945</u>	<u>21,936,689</u>

The average number of persons employed by the company during the year was 145 (2009 208), all of which were construction employees

None of the directors received any emoluments in respect of their services to the company during the year or the prior year

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Bank interest receivable	30,021	37,904
Interest receivable from group undertakings	43,324,300	40,843,473
Less Interest transferred to payments on account (Note 13)	(43,324,300)	(40,843,473)
	<u>30,021</u>	<u>37,904</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Bank charges	<u>3,517</u>	<u>1,214</u>

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

7. TAXATION

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Current tax		
UK Corporation tax (see below)	<u>—</u>	<u>—</u>
Deferred tax		
Net effect of discount	(7,577)	11,720
Origination and reversal of timing differences	<u>24,152</u>	<u>29,346</u>
Total deferred tax (Note 10)	<u>16,575</u>	<u>41,066</u>
Tax reconciliation		
Profit on ordinary activities before tax	<u>853,290</u>	<u>3,318,787</u>
Tax on profit on ordinary activities at UK corporation tax rate of 28%	238,921	929,261
Effects of		
Other timing differences	<u>(238,921)</u>	<u>(929,261)</u>
Current tax charge for the year	<u>—</u>	<u>—</u>

No provision for corporation tax has been made since the taxable profit for the year will be covered by the group relief expected to be made available to the company by other companies in the group. No charge will be made by other group companies for the surrender of group relief. There is no unprovided deferred taxation.

8. DIVIDENDS

	Year Ended 31 December 2010 £	Year Ended 31 December 2009 £
Dividends paid during the year (£1,650,000 per share) (2009 £2,150,000 per share)	<u>3,300,000</u>	<u>4,300,000</u>

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

9. WORK IN PROGRESS

	31 December 2010 £	31 December 2009 £
Work in progress at cost	<u>54,723,320</u>	<u>25,101,931</u>
Movement in the carrying value of work in progress during the year		
	£	£
At 1 January	25,101,931	12,185,049
Additions	103,881,387	219,659,533
Released to cost of sales	(74,259,998)	(206,742,651)
At 31 December	<u>54,723,320</u>	<u>25,101,931</u>

10. DEBTORS

	31 December 2010 £	31 December 2009 £
Due within one year		
Trade debtors	343,133	398,864
Amount owed by parent undertaking	378,595	382,315
Amounts owed by fellow subsidiary undertakings	287,553,608	284,265,174
Other debtors	484,660	50,440
Deferred tax	89,090	105,665
Prepayments and accrued income	34,056,012	41,311,003
	<u>322,905,098</u>	<u>326,513,461</u>
Due in more than one year		
Loan to fellow subsidiary undertaking	<u>497,201,734</u>	<u>468,500,262</u>

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

The deferred tax debtor relates to the present value of capital allowances of £117,537 (2009: £152,362), stated net of a discount of £28,447 (2009: £46,697)

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

11. CREDITORS: Amounts falling due within one year

	31 December 2010 £	31 December 2009 £
Payments received on account	11,239,000	11,414,000
Trade creditors	6,311,518	6,913,666
Amount owed to parent undertaking	15,563,582	15,563,582
Amounts owed to fellow subsidiary undertakings	191,625,362	171,538,971
Other taxes and social security	1,549,305	1,521,774
Other creditors	3,420	1,303,214
Accruals	48,507,114	35,442,483
	<u>274,799,301</u>	<u>243,697,690</u>

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

	31 December 2010 £	31 December 2009 £
Payments received on account	<u>605,751,954</u>	<u>583,440,463</u>

13. PAYMENTS ON ACCOUNT

	Balance of initial payment £	Interest £	Total £
Balance as at 1 January 2010	144,465,288	450,389,175	594,854,463
Interest (Note 5)	—	43,324,300	43,324,300
Allocated to turnover	(3,330,644)	(17,857,165)	(21,187,809)
Balance as at 31 December 2010	<u>141,134,644</u>	<u>475,856,310</u>	<u>616,990,954</u>

The company has entered into an agreement with a fellow subsidiary whereby it designs and constructs certain buildings and the associated infrastructure at Canary Wharf in return for a fee which will accrue over the life of the project. The company has received an initial payment of £1 billion on account, equal to the estimated sums due including fees, discounted at an annual rate of 9% in accordance with the agreement. The fee is allocated against the initial payment as it becomes due.

Of the above amount, £11,239,000 (2009 £11,414,000) is included in creditors falling due within one year of the balance sheet date

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

14. CALLED-UP SHARE CAPITAL

Allotted, called up and fully paid:

	31 December 2010	31 December 2009
	£	£
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

15. RESERVES

	Profit and loss account
	£
At 1 January 2010	3,514,576
Profit for the year	836,715
Dividends	(3,300,000)
At 31 December 2010	<u>1,051,291</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2010	31 December 2009
	£	£
Opening shareholders' funds	3,514,578	4,536,857
Profit for the year	836,715	3,277,721
Dividends paid	(3,300,000)	(4,300,000)
Closing shareholders' funds	<u>1,051,293</u>	<u>3,514,578</u>

17. PENSIONS

As part of the Canary Wharf Group pension arrangements, the company participates in a defined contribution pension scheme. 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 £1,455,668 for the year (2009: £1,869,208), represents contributions payable by the company to the scheme.

CANARY WHARF CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

18. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

As at 31 December 2010 and 31 December 2009 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings

19. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

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

As at 31 December 2010, 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