

**CANARY WHARF CONTRACTORS LIMITED**  
**Registered number: 2352250**

**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE EIGHT MONTH PERIOD ENDED 30 JUNE 1995**



## **CANARY WHARF CONTRACTORS LIMITED**

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### **DIRECTORS' REPORT FOR THE EIGHT MONTH PERIOD ENDED 30 JUNE 1995**

The directors present herewith the audited accounts for the period ended 30 June 1995.

#### **ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is Canary Wharf Holdings Limited (CWHL), a company registered in England. The company's ultimate parent undertaking until 27 December 1995 was Sylvester Investments Limited (SIL), a company controlled by certain of the lenders to the Canary Wharf Group ('the Group'). With effect from 27 December 1995 the company's ultimate UK parent became CWI Holdings plc ('CWI Holdings') upon the sale by SIL of its interest in the Group. The company's ultimate parent undertaking with effect from that date became C.W. Investments Limited Partnership, a Cayman Islands undertaking.

#### **PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

The principal activity of the company is building contracting. The company is currently engaged in the design and development of the phases subsequent to phase one of the Canary Wharf project in London's Docklands and as the management contractor in respect of one of the buildings in phase one of the project on behalf of a fellow subsidiary company.

Subsequent to the period end the Group, of which the company is a part, was significantly restructured, involving, inter alia, the repayment of elements of the Group's existing bank debt, the provision of new borrowing facilities and an injection of share capital. Further details of this restructuring are set out in Note 1.

#### **SHARE CAPITAL**

Details of the company's share capital are shown in Note 11 to the accounts.

#### **DIVIDENDS AND RESERVES**

The profit and loss account for the period is set out on page 5. The directors do not recommend the payment of a dividend and a retained profit of £15,000 is to be transferred to reserves.

#### **DIRECTORS**

The directors of the company who served during the period ended 30 June 1995 were:

P F Garner	(resigned 22 December 1995)
G Iacobescu	(resigned 22 December 1995)
Sir Peter Levene, KBE	(resigned 22 December 1995)

Subsequent to the period end, on 22 December 1995, AP Anderson was appointed as sole director of the company. On 6 February 1996, G Iacobescu was reappointed as a director and on the same date G Rothman was appointed as a director.

## **CANARY WHARF CONTRACTORS LIMITED**

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### **DIRECTORS' REPORT FOR THE EIGHT MONTH PERIOD ENDED 30 JUNE 1995 (CONTINUED)**

#### **DIRECTORS' INTERESTS**

No director had any beneficial interest in the shares of the company or any subsidiary of SIL at 30 June 1995 or at any time during the period.

During the period the Group, of which the company is a member, purchased and maintained for its directors liability insurance against liabilities in relation to the Group, as described in section 310(3)(a) of the Companies Act 1985.

#### **AUDITORS**

The company's incumbent auditors, Price Waterhouse, have indicated their willingness to resign and Arthur Andersen have agreed to be appointed as auditors.

BY ORDER OF THE BOARD



MD Precious

Company Secretary

26 March 1996

## **CANARY WHARF CONTRACTORS LIMITED**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF CONTRACTORS LIMITED**

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.


### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts and in particular Note 1 which refers to the basis of preparation of the accounts, the restructuring of the Group's borrowing facilities on 27 December 1995, the provision of new bank facilities and the injection of additional share capital. Our opinion is not qualified in this respect.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse  
London  
Chartered Accountants  
and Registered Auditors

26 March 1996

## CANARY WHARF CONTRACTORS LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE EIGHT MONTH PERIOD ENDED 30 JUNE 1995

	<u>Notes</u>	<u>30 June 1995</u> £000	<u>31 October 1994</u> £000
Turnover		8,133	8,309
Cost of sales		<u>(8,052)</u>	<u>(8,271)</u>
<b>GROSS PROFIT</b> - continuing operations	3	81	38
Administrative costs		(77)	(165)
Writeback of provision against work in progress		<u>-</u>	<u>436</u>
<b>OPERATING PROFIT</b> - continuing operations		4	309
Interest receivable		<u>11</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		15	309
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<u>15</u>	<u>309</u>

The movement in reserves is shown in Note 12 to the accounts.

All gains and losses have been recognised in the profit and loss account for the financial period.

The Notes on pages 7 to 11 form part of these accounts.

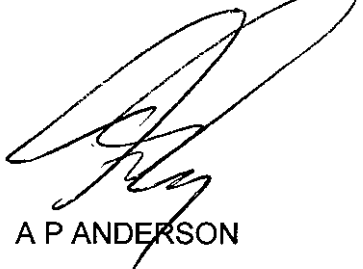
# CANARY WHARF CONTRACTORS LIMITED

## BALANCE SHEET AT 30 JUNE 1995

	Notes	30 June 1995 £000	31 October 1994 £000
<b>CURRENT ASSETS</b>			
Work in progress		36	280
Debtors: Amounts due after one year	7	1,498,077	1,408,215
Debtors: Amounts due within one year	7	5,588	4,433
Cash at bank and in hand		<u>570</u>	<u>821</u>
		1,504,271	1,413,749
<b>CREDITORS: Amounts falling due within one year</b>			
	8	<u>(16,391)</u>	<u>(12,042)</u>
<b>NET CURRENT ASSETS</b>			
		1,487,880	1,401,707
<b>CREDITORS: Amounts falling due after more than one year</b>			
	9	<u>(1,476,605)</u>	<u>(1,390,447)</u>
		11,275	11,260
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	-	-
Profit and loss account	12	<u>11,275</u>	<u>11,260</u>
		11,275	11,260

The Notes on pages 7 to 11 form part of these accounts.

APPROVED BY THE BOARD ON 26 MARCH 1996 AND SIGNED ON ITS BEHALF BY:



A P ANDERSON

## **CANARY WHARF CONTRACTORS LIMITED**

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### **NOTES TO THE ACCOUNTS FOR THE EIGHT MONTH PERIOD ENDED 30 JUNE 1995**

#### **1 SUBSEQUENT EVENTS AND BASIS OF PREPARATION**

On 27 December 1995 arrangements were finalised for the sale of the Group to CWI Holdings plc. These arrangements comprised the following:

- (1) The injection of share capital totalling £405 million by way of a subscription for preferred redeemable shares in the company's parent, Canary Wharf Holdings Limited (CWHL).
- (2) The provision of a new interim borrowing facility in the principal amount of £220 million for the purposes of repaying in part certain existing indebtedness of the Group as well as providing working capital to the companies in the Group. On 27 December 1995 £130 million was drawn down from this facility and prior to 30 April 1996 a further amount of up to £90 million may be drawn down. The facility is then frozen at the amount drawn down at 30 April until 31 December 1996. At that date the facility reduces to £100 million with this amount being available for a term of up to five years. Earlier repayment on the basis of an agreed repayment schedule is triggered in the event of refinancings being put in place within the five year term. The loan carries interest at a rate of LIBOR plus 400 basis points and is secured by:
  - (a) guarantees from the members of the Canary Wharf Group, including the company;
  - (b) a first ranking fixed charge over the properties at Canary Wharf, other than those charged to European Investment Bank (EIB) (Note 1(4)) and those subject to a charge to London Underground Limited (LUL) in respect of the Group's contributions to the Jubilee Line Extension;
  - (c) fixed charges over the other assets of the Group; and
  - (d) floating charges over all the assets of the Group.
- (3) The early prepayment of certain elements of the Group's existing indebtedness as at 30 June 1995. A further deferred payment will be made to the Group's former lenders from funds set aside for this purpose once certain conditions have been satisfied.
- (4) The amendment and restatement of existing facilities made available by EIB relating to the funding of the Docklands Light Railway and the Jubilee Line Extension in an aggregate amount of £188.7 million. The restated EIB debt carries an effective interest rate of 7% and is secured by first ranking charges over certain specified properties within the Canary Wharf development, over the subsidiaries within the Group holding these interests and by second ranking charges over the other assets of the Group.

As referred to above, an interim borrowing facility of £220 million, reducing to £100 million by 31 December 1996, was put in place as part of the restructuring arrangements. The directors of CWHL expect to be able to refinance the interim borrowing facility during the course of 1996 and therefore consider that the company's guarantee of the new facility will not be exercised. Accordingly the directors of the company consider it appropriate for the company's accounts to be prepared on a going concern basis.



## CANARY WHARF CONTRACTORS LIMITED

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### NOTES TO THE ACCOUNTS FOR THE EIGHT MONTH PERIOD ENDED 30 JUNE 1995 (CONTINUED)

#### 2 PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies of the company is set out below.

(1) Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Turnover

Turnover includes amounts charged to a fellow subsidiary undertaking and third parties, net of VAT, for design and construction work.

(3) Deferred taxation

Taxation deferred or accelerated by the effect of timing differences is accounted for to the extent that it is probable that a liability or asset will crystallise.

(4) Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost includes construction costs and development expenses, including employee and related overhead costs and professional fees.

#### 3 GROSS PROFIT

The company incurred the following expenses during the period:

	Period ended 30 June 1995	Year ended 31 October 1994
	£	£
Auditors' remuneration	<u>10,000</u>	<u>10,000</u>

#### 4 TAXATION

No charge for taxation has been made in view of group relief expected to be available for surrender to the company by other undertakings within the Group.

#### 5 DIRECTORS' EMOLUMENTS

None of the directors received any emoluments in respect of their services to the company during the period.

# CANARY WHARF CONTRACTORS LIMITED

## NOTES TO THE ACCOUNTS FOR THE EIGHT MONTH PERIOD ENDED 30 JUNE 1995 (CONTINUED)

### 6 EMPLOYEE INFORMATION

Staff costs of all employees, including directors, were:

	Period ended 30 June 1995 £000	Year ended 31 October 1994 £000
Wages and salaries	587	944
Social security costs	58	86
Other pension costs	30	59
	<u>675</u>	<u>1,089</u>

The average number of persons employed by the company during the period was 13 (1994 - 22).

### 7 DEBTORS

	Due within one year 1995 £000	Due after one year 1995 £000	Due within one year 1994 £000	Due after one year 1994 £000
Trade debtors	-	-	59	-
Amounts owed by parent and fellow subsidiary undertakings	5,378	1,498,077	4,266	1,408,215
Other debtors	210	-	108	-
	<u>5,588</u>	<u>1,498,077</u>	<u>4,433</u>	<u>1,408,215</u>

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 1995 £000	31 October 1994 £000
Payments on account (Note 10)	1,259	3,742
Trade creditors	873	1,472
Amounts owed to fellow subsidiary undertakings	14,006	6,308
Taxation and social security costs	29	20
Accruals and deferred income	224	500
	<u>16,391</u>	<u>12,042</u>

# CANARY WHARF CONTRACTORS LIMITED

## NOTES TO THE ACCOUNTS FOR THE EIGHT MONTH PERIOD ENDED 30 JUNE 1995 (CONTINUED)

### 9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 June 1995 £000	31 October 1994 £000
Payments on account (Note 10)	<u>1,476,605</u>	<u>1,390,447</u>

### 10 PAYMENTS ON ACCOUNT

	Balance of initial payment £000	Interest £000	Total £000
Balance at 1 November 1994	843,252	550,936	1,394,189
Interest receivable thereon	-	86,485	86,485
Allocated to turnover	<u>(1,666)</u>	<u>(1,143)</u>	<u>(2,810)</u>
Balance at 30 June 1995	<u>841,586</u>	<u>636,278</u>	<u>1,477,864</u>

The company has entered into an agreement with a fellow subsidiary whereby it will design and construct the phases subsequent to Phase 1 of the Canary Wharf project on behalf of that company in return for a fee which will accrue over the life of the project. The company received an initial payment of £1,000 million 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, £1,259,000 (1994 - £3,742,000) is included in creditors falling due within one year of the balance sheet date.

### 11 CALLED UP SHARE CAPITAL

	30 June 1995 £	31 October 1994 £
Authorised Ordinary shares of £1 each:	<u>100</u>	<u>100</u>
Issued, allotted and fully paid	<u>2</u>	<u>2</u>

### 12 PROFIT AND LOSS ACCOUNT

	£000
At 1 November 1994	11,260
Profit for the financial period	<u>15</u>
At 30 June 1995	<u>11,275</u>

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	£000
Shareholders' funds as at 1 November 1994	11,260
Profit for the financial period	<u>15</u>
Shareholders funds at 30 June 1995	<u>11,275</u>

## **CANARY WHARF CONTRACTORS LIMITED**

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### **NOTES TO THE ACCOUNTS FOR THE EIGHT MONTH PERIOD ENDED 30 JUNE 1995 (CONTINUED)**

#### **14 COMPANY PENSION SCHEME**

Certain employees of the company are members of the Canary Wharf Retirement Benefits Scheme which is 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 represents contributions payable by the company to the fund amounting to £30,000 (1994 - £59,000) in the period.

#### **15 FINANCIAL COMMITMENTS**

As at 30 June 1995 the company had given a fixed charge over substantially all its assets and a floating charge over the remainder against the following bank borrowings:

- i) term loans totalling £176.3 million comprising a loan of £113.3 million made available by EIB to fund the Group's initial payment to London Underground Limited to enable work to begin on construction of the Jubilee Line extension and other loans of £63.0 million to fund, inter alia, the working capital requirements of the Group;
- ii) construction loan liabilities totalling £578 million plus the accumulated interest that would arise in the event of any member of the Group becoming insolvent or a liquidator, administrator, receiver or similar officer being appointed or upon the occurrence of any other relevant event of default;
- iii) loan due to the European Investment Bank (EIB) of £50 million plus the accumulated interest that would arise in the event of default.

Subsequent to the period end, the security referred to in paragraphs (i) and (ii) was released, and the security in paragraph (iii) was restructured, in conjunction with the arrangements referred to in Note 1.

#### **16 ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is Canary Wharf Holdings Limited (CWHL), a company registered in England. The company's ultimate parent undertaking until 27 December 1995 was Sylvester Investments Limited (SIL), a company controlled by certain of the lenders to the Canary Wharf Group. With effect from 27 December 1995 the company's ultimate UK parent became CWI Holdings plc upon the sale by SIL of its shares in the company. The company's ultimate parent undertaking with effect from that date became C.W. Investments Limited Partnership, a Cayman Islands undertaking.

The smallest and largest groups into which the accounts of the company are consolidated are the consolidated accounts of CWHL and SIL. Copies of the accounts of CWHL may be obtained from One Canada Square, Canary Wharf, London, E14 5AB. Copies of the accounts of SIL will be obtainable from Lloyds Bank Plc acting as Security Agent, St George's House, 6-8 Eastcheap, London EC3M 1LL.