

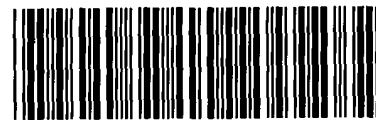
CANARY WHARF (FS TWO) LIMITED

Registered number: 7321433

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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CANARY WHARF (FS TWO) LIMITED

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CANARY WHARF (FS TWO) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

PRINCIPAL ACTIVITY

The principal activity of the company is to invest in the 20 Fenchurch Street development in London.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £30,202 (2015 -£497,469).

No dividends have been paid or proposed (2015 - £Nil).

DIRECTORS

The directors who served during the year were:

Sir George Iacobescu CBE
P Westermann
C Zhiwei
M Al-Hashmi
J Sun (appointed 28 December 2016)

J Sun was appointed as an alternate director to C Zhiwei.

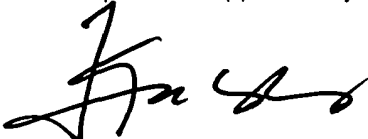
The company provides an indemnity to all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The company also has in place liability insurance covering the directors and officers of the company. Both the indemnity and insurance were in force during the year ended 31 December 2016 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

This report was approved by the board on 25 May 2017 and signed on its behalf.



Sir George Iacobescu CBE
Director

CANARY WHARF (FS TWO) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- *select suitable accounting policies for the company's financial statements and then apply them consistently;*
- *make judgments and accounting estimates that are reasonable and prudent;*
- *state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;*
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.*

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

CANARY WHARF (FS TWO) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF (FS TWO) LIMITED

We have audited the financial statements of Canary Wharf (FS Two) Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 14. The relevant financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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

CANARY WHARF (FS TWO) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF (FS TWO) LIMITED
(CONTINUED)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from preparing the Directors' Report or from the requirement to prepare a Strategic Report.



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

25 May 2017

CANARY WHARF (FS TWO) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Administrative expenses		(6,202)	(5,709)
OPERATING LOSS		<u>(6,202)</u>	<u>(5,709)</u>
Income from fixed assets investments	8	9,621	579,317
Interest receivable and similar income	6	16	11
PROFIT BEFORE TAX		<u>3,435</u>	<u>573,619</u>
Tax on profit	7	26,767	(76,150)
PROFIT FOR THE YEAR		<u>30,202</u>	<u>497,469</u>
OTHER COMPREHENSIVE INCOME NET OF TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>30,202</u></u>	<u><u>497,469</u></u>

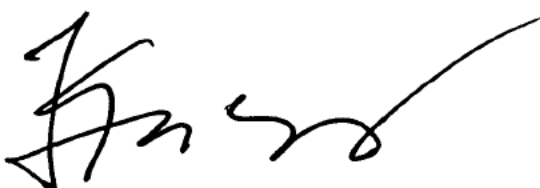
The notes on pages 9 to 16 form part of these financial statements.

CANARY WHARF (FS TWO) LIMITED
REGISTERED NUMBER: 7321433

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Investments	8	3,231,695	3,222,074
		<u>3,231,695</u>	<u>3,222,074</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	1,225	160
Cash at bank and in hand		2,363	8,472
		<u>3,588</u>	<u>8,632</u>
Creditors: amounts falling due within one year	10	(38,336)	(37,194)
NET CURRENT LIABILITIES		<u>(34,748)</u>	<u>(28,562)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,196,947	3,193,512
Deferred tax	12	(373,641)	(400,408)
		<u>(373,641)</u>	<u>(400,408)</u>
NET ASSETS		<u>2,823,306</u>	<u>2,793,104</u>
CAPITAL AND RESERVES			
Called up share capital	13	463,422	463,422
Retained earnings		2,359,884	2,329,682
		<u>2,823,306</u>	<u>2,793,104</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Sir George Iacobescu CBE
 Director

Date: 25 May 2017

The notes on pages 9 to 16 form part of these financial statements.

CANARY WHARF (FS TWO) LIMITED

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

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2016	463,422	2,329,682	2,793,104
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	30,202	30,202
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	30,202	30,202
AT 31 DECEMBER 2016	<u>463,422</u>	<u>2,359,884</u>	<u>2,823,306</u>

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

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2015	463,422	1,832,213	2,295,635
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	497,469	497,469
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	497,469	497,469
AT 31 DECEMBER 2015	<u>463,422</u>	<u>2,329,682</u>	<u>2,793,104</u>

The notes on pages 9 to 16 form part of these financial statements.

CANARY WHARF (FS TWO) LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	30,202	497,469
ADJUSTMENTS FOR:		
Interest received	(9,637)	(579,328)
Taxation charge	(26,767)	76,150
(Increase) in debtors	(1,065)	(160)
Increase/(decrease) in creditors	171	(3,666)
Increase in amounts owed to groups	971	960
Increase in amounts owed to associates	-	15,000
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>(6,125)</u>	<u>6,425</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>16</u>	<u>11</u>
NET CASH FROM INVESTING ACTIVITIES	<u>16</u>	<u>11</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(6,109)</u>	<u>6,436</u>
Cash and cash equivalents at beginning of year	<u>8,472</u>	<u>2,036</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>2,363</u></u>	<u><u>8,472</u></u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	<u>2,363</u>	<u>8,472</u>
	<u><u>2,363</u></u>	<u><u>8,472</u></u>

The notes on pages 9 to 16 form part of these financial statements.

CANARY WHARF (FS TWO) LIMITED

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

1. GENERAL INFORMATION

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

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

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

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

The principal accounting policies are summarised below:

2.2 Going concern

At the year end, the company is in a net asset position, but has net current liabilities.

Included in this are group creditors of £36,131 (2015 - £35,160), which to the extent the company cannot pay, will not be called in for at least a period of 12 months from the signing date of the financial statements.

2.3 Investments

Investments in unit trusts are stated at fair value, with changes recognised in other comprehensive income unless the carrying amount of the investment falls below its original cost, after which the deficit is recognised in the income statement.

Other investments are stated at cost less any provision for impairment.

Income from investments is recognised as the company becomes entitled to receive payment. Dividend income from investments in companies is recognised when received or irrevocably declared. Revenue profits and losses in unit trusts are recognised on an accruals basis.

CANARY WHARF (FS TWO) LIMITED

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

2.4 Financial instruments

Trade and other receivables

Trade and other receivables 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, deposits held with banks and other short term highly liquid investments with original maturities of 3 months or less, which are held for the purpose of meeting short term cash commitments.

Trade and other payables

Trade and other creditors are stated at cost.

2.5 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.

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. Timing differences are differences between the company's taxable profits and its results as stated in financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, 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 measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing difference. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expenses or income.

CANARY WHARF (FS TWO) LIMITED

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

For the year ended 31 December 2016, there were no items which the directors believe are significant to the financial statements.

4. AUDITOR'S REMUNERATION

	2016 £	2015 £
Fees for the audit of the company	817	809

5. EMPLOYEES

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

6. INTEREST RECEIVABLE

	2016 £	2015 £
Bank interest receivable	16	11

CANARY WHARF (FS TWO) LIMITED

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

7. TAXATION

	2016 £	2015 £
TOTAL CURRENT TAX	<u>-</u>	<u>-</u>
DEFERRED TAX		
Origination and reversal of timing differences	(26,767)	76,150
TOTAL DEFERRED TAX	<u>(26,767)</u>	<u>76,150</u>
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	<u>(26,767)</u>	<u>76,150</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

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

	2016 £	2015 £
Profit on ordinary activities before tax	<u>3,435</u>	<u>573,619</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20%)	687	114,724
EFFECTS OF:		
Expenses not deductible for tax purposes	-	1,725
Capital allowances	-	4,950
Adjustments to tax charge in respect of prior periods	(5,992)	-
Non-taxable income	(15)	(5,799)
Capital gains	-	5,041
Changes in the rates of tax	(21,447)	(44,491)
TOTAL TAX CHARGE FOR THE YEAR	<u>(26,767)</u>	<u>76,150</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The company qualifies as a small company for UK corporation tax purposes. During the year ended 31 December 2016, the small company corporation tax rate was 20%.

The standard rate of corporation tax payable reduced from 21.0% to 20.0% with effect from 1 April 2015. Enacted in the Finance Act (No.2) 2015 is a reduction in the corporation tax rate to 19.0% on 1 April 2017 and a further reduction to 17.0% on 1 April 2020. Deferred tax has been provided by reference to this enacted corporation tax rate.

CANARY WHARF (FS TWO) LIMITED

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

8. FIXED ASSET INVESTMENTS

	Investment in Jersey Property Unit Trust £	Investment in joint ventures £	Total £
COST OR VALUATION			
At 1 January 2016	3,221,574	500	3,222,074
Share of profit/(loss)	9,621	-	9,621
At 31 December 2016	<u>3,231,195</u>	<u>500</u>	<u>3,231,695</u>
NET BOOK VALUE			
At 31 December 2016	<u><u>3,231,195</u></u>	<u><u>500</u></u>	<u><u>3,231,695</u></u>

The company holds 1% of the Canary Wharf FS Unit Trust, a Jersey Property Unit Trust, comprising 462,770 £1 units.

At 31 December 2016, the net assets of the Unit Trust were £323,119,472 (2015 - £322,157,408) and its profit for the year then ended was £962,064 (2015 - £57,931,695).

The company holds a 50% interest in 20 Fenchurch Street (GP) Limited, a company registered in England and Wales, comprising 500 ordinary £1 shares.

At 31 December 2016, 20 Fenchurch Street (GP) Limited had net assets of £1,000 (2015 - £1,000) and recorded neither a profit or a loss for the year then ended (2015 - £nil).

The directors are of the opinion that the value of the company's investments at 31 December 2016 was not less than the amount shown in the company's balance sheet.

9. DEBTORS

	2016 £	2015 £
Other debtors	-	160
Prepayments and accrued income	1,225	-
	<u>1,225</u>	<u>160</u>

CANARY WHARF (FS TWO) LIMITED

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

10. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to Canary Wharf Limited	3,731	2,760
Amounts owed to Canary Wharf FS Unit Trust	15,000	15,000
Amounts owed to Canary Wharf (FS Holdings) Limited Partnership	17,400	17,400
Accruals and deferred income	2,205	2,034
	<u>38,336</u>	<u>37,194</u>

The amounts due to related parties are repayable on demand and interest free.

11. FINANCIAL INSTRUMENTS

	2016 £	2015 £
FINANCIAL ASSETS		
Bank current accounts	2,363	8,472
Financial assets that are debt instruments measured at amortised cost	1,225	160
	<u>3,588</u>	<u>8,632</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(38,336)	(37,194)
	<u>(38,336)</u>	<u>(37,194)</u>

CANARY WHARF (FS TWO) LIMITED

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

12. DEFERRED TAXATION

	2016 £
At beginning of year	(400,408)
Charged to the profit or loss	26,767
AT END OF YEAR	(373,641)

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	20,085	62,006
Tax losses carried forward	101,757	67,062
Revaluation surplus on investment in JPUT	(495,483)	(529,476)
	<u>(373,641)</u>	<u>(400,408)</u>

13. SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
139,026 A Ordinary shares of £1 each	139,026	139,026
108,132 B Ordinary shares of £1 each	108,132	108,132
108,132 C Ordinary shares of £1 each	108,132	108,132
108,132 D Ordinary shares of £1 each	108,132	108,132
	<u>463,422</u>	<u>463,422</u>

All classes of shares rank pari passu in all respects.

CANARY WHARF (FS TWO) LIMITED

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

14. RELATED PARTY TRANSACTIONS

Until 24 May 2016, the company was owned 30% by Canary Wharf (FS Invest) Limited, 23.33% by Chessboard Sarl, 23.33% by Qatar Holdings Netherlands BV and 23.33% by Chengdong Investment Corporation. On that date the company was acquired by Canary Wharf (FS Holdco) Limited on a share for share exchange basis as part of a financing arrangement.

During the year the company was billed £3,675 (2015 - £8,575) by Canary Wharf (FS Invest) Limited for administrative services in relation to the 20 Fenchurch Street development and a further £1,225 was accrued. At 31 December 2016, all of the billed amounts were settled. Other amounts outstanding at year end are disclosed in Note 10.