

CANARY WHARF (FS TWO) LIMITED
Registered Number: 7321433

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013



CANARY WHARF (FS TWO) LIMITED

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CANARY WHARF (FS TWO) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report with the audited financial statements for the year ended 31 December 2013. The company qualifies as a small company under section 382 of the Companies Act 2006 and accordingly has not produced a Strategic Report.

PRINCIPAL ACTIVITIES

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

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 31 December 2013 is set out on page 6. No dividends have been paid or proposed and the retained loss of £103,240 has been transferred from reserves.

DIRECTORS

The directors of the company throughout the year ended 31 December 2013, except as noted, were:

Sir George Iacobescu CBE	
F Al-Hamadi	(Appointed 24 December 2013)
P Westermann	(Appointed 16 April 2013)
A M Al-Sayed	(Resigned 11 March 2013)
T V Hende	(Resigned 16 April 2013)
B P Niles	(Resigned 16 April 2013 as alternate director to T V Hende)
O A Al-Marwani	(Served from 11 March 2013 to 24 December 2013)

On 9 January 2014, C Zhiwei was appointed as a director of the company.

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 2013 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 (FS TWO) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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 auditor is aware of that information. As far as the directors are aware, there is no relevant audit information of which the company's auditor is 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

8 May 2014

Registered office:
30th Floor
One Canada Square
Canary Wharf
London
E14 5AB
Registered Number: 7321433

CANARY WHARF (FS TWO) 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; 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 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 2013 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related Notes 1 to 10. 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 Statement of Directors' Responsibilities, 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 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 2013 and of its loss 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.

CANARY WHARF (FS TWO) LIMITED

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

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.

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 in preparing the Strategic Report and the Directors' Report.



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

8 May 2014

CANARY WHARF (FS TWO) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

		Year Ended 31 December 2013 £	Year Ended 31 December 2012 £
	Note		
Administrative expenses		(5,799)	(4,575)
OPERATING LOSS	2	(5,799)	(4,575)
Share of loss from investment in Jersey Property Unit Trust	5	(97,467)	(36,540)
Interest receivable and similar income	3	26	29
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(103,240)	(41,086)
Tax on loss on ordinary activities	4	—	—
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	8	(103,240)	(41,086)

Movements in reserves are shown in Note 8 of these financial statements.

All amounts relate to continuing activities in the United Kingdom.

The Notes on pages 10 to 14 form an integral part of these financial statements.

CANARY WHARF (FS TWO) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

	Year Ended 31 December 2013 £	Year Ended 31 December 2012 £
Loss for the financial year	(103,240)	(41,086)
Unrealised surplus on investment in Jersey Property Unit Trust attributable to the company (Note 5)	803,598	—
Total recognised gains/(losses) relating to the year	<u>700,358</u>	<u>(41,086)</u>

The Notes on pages 10 to 14 form an integral part of these financial statements.

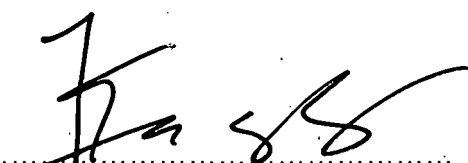
CANARY WHARF (FS TWO) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	31 December 2013 £	31 December 2012 £
FIXED ASSETS			
Investments	5	1,118,098	411,967
CURRENT ASSETS			
Cash at bank		6,921	10,244
CREDITORS: Amounts falling due within one year	6	(22,725)	(20,275)
NET CURRENT LIABILITIES		(15,804)	(10,031)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,102,294	401,936
NET ASSETS		1,102,294	401,936
CAPITAL AND RESERVES			
Called-up share capital	7	463,422	463,422
Revaluation reserve	8	803,598	—
Profit and loss account	8	(164,726)	(61,486)
SHAREHOLDERS' FUNDS	9	1,102,294	401,936

The Notes on pages 10 to 14 form an integral part of these financial statements.

APPROVED BY THE BOARD ON 8 MAY 2014 AND SIGNED ON ITS BEHALF BY:


.....
SIR GEORGE IACOBESCU CBE

CANARY WHARF (FS TWO) LIMITED

CASH FLOW STATEMENT

	Year Ended 31 December 2013 £	Year Ended 31 December 2012 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(3,349)	(3,675)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	26	29
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26	29
DECREASE IN CASH	(3,323)	(3,646)
RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
	£	£
Operating loss	(5,799)	(4,575)
Increase in creditors	2,450	900
Net cash outflow from operating activities	(3,349)	(3,675)

The Notes on pages 10 to 14 form an integral part of these financial statements.

CANARY WHARF (FS TWO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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, with the exception of certain investments as disclosed below and in accordance with applicable United Kingdom accounting standards.

At the year end, the company is in a net asset position, but has net current liabilities. Canary Wharf Holdings Limited, an intermediate parent undertaking, has confirmed that it will make available any funds that may be required for the company to enable it to meet its obligations as they fall due for a period of not less than 12 months from the signing date of the financial statements.

In addition, as a member of the Canary Wharf Group, the company has access to considerable resources.

Having made the requisite enquiries and assessed the resources at the disposal of the company, the directors have a reasonable expectation that the company will have adequate resources to continue its operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Interest receivable and interest payable

Interest receivable and payable are recognised on an accruals basis in the period in which they fall due.

Investments

Investments in Jersey Property Unit Trusts are carried by reference to the company's share of net assets. The investment is initially recognised at historical cost with the company's share of the realised profits and losses recorded in the profit and loss account and the company's share of the unrealised gains and losses taken to the revaluation reserve.

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

Trade and other creditors

Trade and other creditors are stated at cost.

CANARY WHARF (FS TWO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

2. OPERATING LOSS

Operating loss is stated after charging:

	Year Ended 31 December 2013 £	Year Ended 31 December 2012 £
Remuneration of the auditor:		
Audit fees for the audit of the company	750	750

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

No staff were employed by the company during the year or the prior year.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2013 £	Year Ended 31 December 2012 £
Bank interest receivable	<u>26</u>	<u>29</u>

4. TAXATION

	Year Ended 31 December 2013 £	Year Ended 31 December 2012 £
Tax reconciliation:		
Loss on ordinary activities before tax	<u>(103,240)</u>	<u>(41,086)</u>
Tax on loss on ordinary activities at UK corporation tax rate of 20% (2012: 20%)	(20,648)	(8,217)
Effects of:		
Unprovided deferred tax asset	17,836	8,217
Expenses not deductible for tax purposes	<u>2,812</u>	<u>—</u>
Current tax charge for the year	<u>—</u>	<u>—</u>

The company qualifies as a small company for UK corporation tax purposes. During the year ended 31 December 2013, the small company corporation tax rate was 20%.

No provision for taxation has been made in view of the tax loss for the year. At 31 December 2013, there was an unprovided deferred tax asset of £30,010 (2012: £12,297) in respect of losses carried forward.

CANARY WHARF (FS TWO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5. INVESTMENTS

	31 December 2013 £	31 December 2012 £
Investment in Jersey Property Unit Trust	1,117,598	411,467
Investment in joint venture	500	500
	<u>1,118,098</u>	<u>411,967</u>

Investment in Jersey Property Unit Trust

At 31 December 2013 the company held 1% of the units in the Canary Wharf FS Unit Trust.

	31 December 2013 £	31 December 2012 £
Cost of interest in JPUT	462,770	462,770
Cumulative revaluation of units	803,598	—
Share of accumulated losses	(148,770)	(51,303)
	<u>1,117,598</u>	<u>411,467</u>

At 31 December 2013, the net assets of the Jersey Property Unit Trust had increased, comprising an increase to revaluation reserve and a decrease in distributable reserves. The company's share of the reduction in distributable reserves was £97,467, which has been taken to the profit and loss account. The company's share of the increase in revaluation reserve was £803,598, which was transferred to the revaluation reserve.

Investment in joint venture

	£
COST	
At 1 January 2013 and 31 December 2013	<u>500</u>

At 31 December 2013 the company held a 50% interest in 20 Fenchurch Street (GP) Limited.

The directors are of the opinion that the value of the company's investments at 31 December 2013 was not less than the amount shown in the company's balance sheet.

CANARY WHARF (FS TWO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

6. CREDITORS: Amounts falling due within one year

	31 December 2013 £	31 December 2012 £
Canary Wharf (FS Holdings) Limited Partnership	17,400	17,400
Amounts owed to Canary Wharf Group companies	900	900
Accruals and deferred income	4,425	1,975
	<u>22,725</u>	<u>20,275</u>

7. CALLED-UP SHARE CAPITAL

Allotted, called up and fully paid:

	31 December 2013 £	31 December 2012 £
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>

8. RESERVES

	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2013	–	(61,486)	(61,486)
Loss for the year	–	(103,240)	(103,240)
Revaluation of investments	803,598	–	803,598
At 31 December 2013	<u>803,598</u>	<u>(164,726)</u>	<u>638,872</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2013 £	31 December 2012 £
Opening shareholders' funds	401,936	443,022
Loss for the year	(103,240)	(41,086)
Revaluation of investments	803,598	–
Closing shareholders' funds	<u>1,102,294</u>	<u>401,936</u>

CANARY WHARF (FS TWO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10. RELATED PARTY TRANSACTIONS

The company is owned by the following four companies: 30% by Canary Wharf (FS Invest) Limited, 23.33% Chessboard Sarl, 23.33% by Qatar Holding Netherlands BV and 23.33% by Chengdong Investment Corporation.

During the period the company was billed £1,225 (2012: £3,675) by Canary Wharf (FS Invest) Limited for administrative services in relation to the 20 Fenchurch Street development and further £3,675 was accrued. At 31 December 2013, all of the billed amounts were settled. Other amounts outstanding at period end are disclosed in Note 6.