CANARY WHARF
GROUP PLC

CANARY WHARF (FS TWO) LIMITED

Registered number: 07321433

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CANARY WHARF (FS TWO) LIMITED

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CANARY WHARF (FS TWO) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

PRINCIPAL ACTIVITY

The principal activity of the company is to invest in the 20 Fenchurch Street development in London. The directors intend to wind up the company in the foreseeable future and as a result the financial statements have been prepared on a basis other than going concern. Refer to Accounting policy note 2.2 for further details.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £25,791 (2020 - loss £5,950).

No dividends were paid in the year (2020 - £Nil).

DIRECTORS

The directors who served during the year were:

M Al-Hashmi
Sir George Iacobescu CBE (resigned 1 July 2021)
J Sun
P Westermann
R J Worthington (appointed 1 July 2021)
C Zhiwei (resigned 26 March 2021)

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 2021 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 30 August 2022 and signed on its behalf.

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R J Worthington
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 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 to 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.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of Canary Wharf (FS Two) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial reporting Council ('FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER - FINANCIAL STATEMENTS PREPARED OTHER THAN ON A GOING CONCERN BASIS

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters 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 the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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 directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

USE OF OUR REPORT

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.

Claire Faulkner

Claire Faulkner FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 August 2022

CANARY WHARF (FS TWO) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Administrative expenses	4	(31,486)	(6,553)
OPERATING LOSS		(31,486)	(6,553)
Income from shares in group undertakings	9	57,277	-
Interest receivable and similar income	7	-	603
PROFIT/(LOSS) BEFORE TAX		25,791	(5,950)
Tax on profit/(loss)	8	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		25,791	(5,950)
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		25,791	(5,950)

The notes on pages 10 to 15 form part of these financial statements.

CANARY WHARF (FS TWO) LIMITED
REGISTERED NUMBER: 07321433

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Investments	9	1	1
		1	1
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	-	25,000
Cash at bank and in hand		288,445	232,507
		288,445	257,507
Creditors: amounts falling due within one year	11	(10,145)	(4,998)
NET CURRENT ASSETS		278,300	252,509
TOTAL ASSETS LESS CURRENT LIABILITIES		278,301	252,510
NET ASSETS		278,301	252,510
CAPITAL AND RESERVES			
Called up share capital	13	77,237	77,237
Retained earnings		201,064	175,273
		278,301	252,510

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 August 2022.

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R J Worthington
Director

The notes on pages 10 to 15 form part of these financial statements.

CANARY WHARF (FS TWO) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2021	77,237	175,273	252,510
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	25,791	25,791
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	25,791	25,791
AT 31 DECEMBER 2021	77,237	201,064	278,301

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2020	77,237	181,223	258,460
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(5,950)	(5,950)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(5,950)	(5,950)
AT 31 DECEMBER 2020	77,237	175,273	252,510

The notes on pages 10 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

Canary Wharf (FS Two) Limited is a company limited by shares incorporated in the UK under the Companies Act 2006 and registered in England and Wales 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 have been applied consistently throughout the year and the preceding year and are summarised below:

2.2 Going concern

The directors intend to wind up the company in the foreseeable future. As a result the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. For the years ended 31 December 2021 and 31 December 2020, this did not result in any changes to the value of the company's assets.

The impact of COVID-19

Since early 2020, the UK economy has been significantly impacted by the COVID–19 virus which has caused widespread disruption and economic uncertainty. The return to lockdown in January 2021 and the extension to the end of lockdown restrictions in July 2021 continued this uncertainty but the positive news around rollout of vaccines and the recent removal of restrictions have improved the outlook. The crisis had no material impact on the assets, liabilities or performance of the company during the year.

2.3 Cash flow statement

The company has taken the exemption from preparing the cash flow statement under Section 7.1B as it is a small company.

2.4 Investments

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.

2.5 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.

Trade and other payables

Trade and other creditors are stated at cost.

Investment loans

The redeemable shares in related parties are treated as investment loans and carried at fair value.

2.6 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.

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 2021, there were no items which the directors believe are significant to the financial statements.

4. ADMINISTRATIVE EXPENSES

	2021 £	2020 £
Professional fees	6,486	6,553
Waiver of debtor	25,000	-
	31,486	6,553

During the year, the company waived the debt owed by Canary Wharf (FS Holdings) Limited Partnership.

5. AUDITOR'S REMUNERATION

	2021 £	2020 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	1,388	940

6. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £	2020 £
Bank interest receivable	-	603
	-	603

8. TAXATION

	2021 £	2020 £
Current tax on profits for the year	-	-
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	-	-

8. TAXATION (CONTINUED)

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 19.0% (2020 - 19.0%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	25,791	(5,950)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%)	4,900	(1,131)
EFFECTS OF:		
Non deductible expenses	4,750	-
Dividends from UK companies	(10,883)	-
Unrelieved tax losses carried forward	1,233	1,131
TOTAL TAX CHARGE FOR THE YEAR	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Enacted in the Finance Act 2021 is a provision for the main rate of corporation tax to increase to 25% from 1 April 2023.

At 31 December 2021, there was an unprovided deferred tax asset of £4,449 (2020 - £2,149) relating to losses carried forward of £17,795 (2020 - £11,309) at the future income tax rate of 25% (2020 - 19%).

9. FIXED ASSET INVESTMENTS

	Investment in joint ventures £
COST	
At 1 January 2021	1
At 31 December 2021	1

At the beginning of the year, the company held 500 A ordinary shares in 20 Fenchurch Street Developer Limited representing 50% of the ordinary share capital. During the year, the share capital was reduced and 499 Ordinary A shares were cancelled and extinguished leaving 1 Ordinary A share of £1 par value. The other 50% is owned by Canary Wharf Developments Limited, a subsidiary of Canary Wharf Group plc.

During the year, the company received a dividend of £57,277 (2020: £Nil) from its subsidiary.

10. DEBTORS: Amounts falling due within one year

	2021 £	2020 £
Amounts owed by Canary Wharf (FS Holdings) Limited Partnership	-	25,000
	-	25,000

The amounts owed by related parties are repayable on demand and interest free.

11. CREDITORS: Amounts falling due within one year

	2021 £	2020 £
Amounts owed to related parties	8,944	2,461
Accruals and deferred income	1,201	2,537
	10,145	4,998

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

12. FINANCIAL INSTRUMENTS

	2021 £	2020 £
Financial assets		
Bank current accounts	288,445	232,507
Financial assets that are debt instruments measured at amortised cost	-	25,000
	288,445	257,507
Financial liabilities		
Financial liabilities measured at amortised cost	(10,145)	(4,998)

13. SHARE CAPITAL

	2021 £	2020 £
Allotted, called up and fully paid		
23,171 (2020 - 23,171) A Ordinary shares of £1.00 each	23,171	23,171
18,022 (2020 - 18,022) B Ordinary shares of £1.00 each	18,022	18,022
18,022 (2020 - 18,022) C Ordinary shares of £1.00 each	18,022	18,022
18,022 (2020 - 18,022) D Ordinary shares of £1.00 each	18,022	18,022
	77,237	77,237

13. SHARE CAPITAL (CONTINUED)

All classes of shares rank pari passu in all respects.

14. RELATED PARTY TRANSACTIONS

At the year end there was an amount of £7,605 (2020 - £2,461) owed to Canary Wharf Limited relating to invoices paid on behalf of this company. Canary Wharf Limited is consolidated within the same group as a significant shareholder of this company, Canary Wharf (FS Invest) Limited. Additionally, there was an amount of £1,339 (2020 - £Nil) owed to Canary Wharf (FS Invest) Limited.

During the year the company was billed £5,356 (2020 - £5,356) by Canary Wharf (FS Invest) Limited for administrative services in relation to the 20 Fenchurch Street development. Other amounts outstanding at year end are disclosed in Note 11. Amounts due to the company at the year end are disclosed in Note 9.

15. POST BALANCE SHEET EVENTS

Subsequent to the year end, 20 Fenchurch Street Developer Limited begun the process of being wound up and an application has been filed for voluntary strike off. Upon completion of this process the Investments balance in this company will reduce to £Nil.

16. CONTROLLING PARTY

The company is owned and controlled by Canary Wharf (FS HoldCo) Limited, which is owned and controlled 30% by Canary Wharf (FS Invest) Limited; 23.33% by Chessboard Sarl, 23.33% by Qatar Holding Netherlands BV and 23.33% by Chengdong Investment Corporation.