

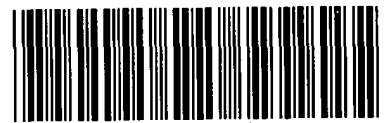
Registered number: 05606790

GREAT ST. HELEN'S FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2016

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GREAT ST. HELEN'S FINANCE LIMITED

COMPANY INFORMATION

Directors	Mr V Nursiah (appointed 27 January 2017) Mr B Walker Ms P H Whitaker (appointed 27 January 2017) Mr B Young (alternate director to Mr B Walker)
Company secretary	Intertrust Corporate Services Limited Great St Helen's London EC31 6AP
Registered number	05606790
Registered office	35 Great St Helen's London EC3A 6AP
Independent auditors	BDO LLP Chartered Accountants & Registered Auditors 55 Baker Street London W1U 7EU
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP

GREAT ST. HELEN'S FINANCE LIMITED

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GREAT ST. HELEN'S FINANCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 NOVEMBER 2016

The directors present the strategic report of Great St. Helen's Finance Limited (the "Company") for the year ended 30 November 2016.

Principal activities and business review

The principal activity of the Company is to issue bonds, to use the proceeds to make loans and to enter into various related financial transactions. No change is expected in these activities in the coming year.

In March 2006 the Company issued bonds (the "First Bonds") with a nominal value of CAN\$1,000,000,000 in order to provide a loan (the "First Loan") to Morgan Stanley and in December 2007, a new series of bonds was issued (the "Second Bonds", and together with the First Bonds, the "Bonds") with a nominal value of CAN\$1,070,000,000 in order to provide a further loan (the "Second Loan", and together with the First Loan, the "Loans") to Morgan Stanley.

In order to hedge the interest payable on the fixed rate coupons payable on the Bonds and the interest received on the Loans, the Company entered into interest rate swap contracts at the time of the issuances (the "First Swap", the "Second Swap", and together with the First Swap, the "Swaps").

In November 2009 the Second Bonds were purchased by Morgan Stanley & Co. International plc.

In December 2013 the board of directors approved a proposed reorganisation to the structure of the First Bonds and the First Loan.

Under this reorganisation the existing First Loan borrower, MSDW Offshore Equity Services Inc., novated all of its rights and obligations under the loan agreement to Morgan Stanley & Co. International plc ("MSIP"), effective on 3 December 2013.

Under the same resolution the directors agreed to enter into a Payment Direction Deed, effective on 10 December 2013, whereby Morgan Stanley Capital Services Inc. ("MSCS") directed MSIP to make fixed payments to the Company to discharge certain obligations of MSIP to MSCS and of MSCS to the Company. Following such direction the Company and MSIP agreed to off-set certain obligations owed to each other with no payment being required as a result of the off-set.

Under the Payment Direction Deed, the principal amount of the loan due and payable by MSIP to the Company and the principal amount of the First Bonds due and payable by the Company to MSIP were off-set on their scheduled redemption date of 10 December 2013, the date when the First Bonds were transferred to MSIP.

On 23 June 2016, the UK electorate voted to leave the European Union (the "EU"). It is difficult to predict the future of the UK's relationship with the EU, which uncertainty may increase the volatility in the global financial markets in the short- and medium-term. On 29 March 2017, the UK formally invoked Article 50 of the Lisbon Treaty, which triggered a two-year period, subject to extension, during which the UK government is expected to negotiate its withdrawal agreement with the EU. Absent any extension, the UK is expected to leave the EU in early 2019. The terms and conditions of the anticipated withdrawal from the EU, and which of the several alternative models of relationship that the UK might ultimately negotiate with the EU, remain uncertain. However, the UK government has stated that the UK will leave the EU single market and will seek a phased period of implementation for the new relationship that may cover the legal and regulatory framework applicable to financial institutions with significant operations in Europe, such as Morgan Stanley. Potential effects of the UK exit from the EU and potential mitigation actions may vary considerably depending on the timing of withdrawal and the nature of any transition or successor arrangements. Any future limitations on providing financial services into the EU from our UK operations could require us to make potentially significant changes to our operations in the UK and Europe and our legal structure there, which could have an adverse effect on our business and financial results.

GREAT ST. HELEN'S FINANCE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2016

Principal risks and uncertainties

The board of directors is responsible for identifying principal risks and for proposing suitable mitigating strategies. The Company seeks to mitigate its risks through the proactive identification of such risks and by applying robust controls and hedging tools so that the risks are deemed to be acceptable to the business.

The board has identified the key risks of the business to be market risk, credit risk and liquidity risk.

Market risk

The Company has financed its operations principally through the issue of the Bonds. The Company has entered into the Swaps to generate the desired interest profile and manage the Company's exposure to interest rate fluctuations. The Swaps ensure that the Company's borrowings are in effect at a floating rate of interest.

Credit risk

The Company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments. None of the Company's financial assets are considered overdue as at 30 November 2016.

The Company's financial assets are concentrated with a single counterparty, Morgan Stanley & Co. International plc, who have an A rated credit rating with Standard and Poors, the credit rating agency (2015 – A rating).

Liquidity risk

The Company's objective is to maintain continuity of funding to enable the ongoing payment of coupons to the holders of the Bonds (the "Bondholders"). Coupon payments to Bondholders are financed by means of interest rate swaps in relation to each series of Bonds which hedge the fixed rate coupons to a floating rate of interest. The payments to the swap provider are in turn financed by interest receipts on the Loans made by the Company. The Company has no undrawn borrowing facilities available to it.

Operational risk

Operational risk refers to the risk of loss, or of damage to the Company's reputation, resulting from inadequate or failed processes, people and systems or from external events (e.g. fraud, theft, legal and compliance risks or damage to physical assets). Operational risk relates to the following risk event categories as defined by Basel Capital Standards: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; business disruption and system failure; damage to physical assets; and execution, delivery and process management. Legal, regulatory and compliance risk is discussed below under "Legal, regulatory and compliance risk".

Legal, regulatory and compliance risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss; including fines, penalties, judgements, damages and/ or settlements or loss to reputation the Company may suffer as a result of a failure to comply with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. It also includes compliance with Anti-Money Laundering and terrorist financing rules and regulations.

The Company, principally through the Morgan Stanley Group's Legal and Compliance Division, has established procedures based on legal and regulatory requirements on a worldwide basis that are designed to facilitate compliance with applicable statutory and regulatory requirements and to require that the Company's policies relating to business conduct, ethics and practices are followed globally.

GREAT ST. HELEN'S FINANCE LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2016

In addition, the Company has established procedures to mitigate the risk that a counterparty's performance obligations will be unenforceable, including consideration of counterparty legal authority and capacity, adequacy of legal documentation, the permissibility of a transaction under applicable law and whether applicable bankruptcy or insolvency laws limit or alter contractual remedies. The heightened legal and regulatory focus on the financial services industry presents a continuing business challenge for the Company.

Financial key performance indicators

The loss for the year, after taxation, amounted to CAN\$330,922 (2015 - CAN\$249,288).

The effect of the decrease in CAD-BA-CDOR rates (the Canadian Dollar Offered Rate) applicable to interest receivable on the loans during the year was offset by a similar decrease in the rates for interest payable on the Company's derivative financial instruments. The Swaps have been put in place to hedge the Company's exposure to certain risks and to ensure a level of certainty regarding the fair value of the various assets of the Company. The Company earns a spread of 1 basis point on the Loans advanced as well as interest on its short term bank deposits.

The balance sheet on page 9 shows that the Company had net assets at year end of CAN\$1,465,000 (2015 - CAN\$1,796,000). In the directors' opinion the financial position of the Company at year end was satisfactory.

Capital management

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company was not in breach of the minimum requirement during the period or at the period end.

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


Ms P H Whitaker
Director

GREAT ST. HELEN'S FINANCE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2016**

The directors present their report and the financial statements for the year ended 30 November 2016.

Principal activity

The principal activity of the Company is to issue bonds, to use the proceeds to make loans and to enter into various related financial transactions. No change is expected in these activities in the coming year.

Results and dividends

The loss for the year, after taxation, amounted to CAN\$331 thousand (2015 - loss CAN\$249 thousand).

The directors do not recommended payment of a dividend (2015 – nil).

Directors

The directors who served during the year were:

Mr R Berry (resigned 27 January 2017)
Mr J-P Nowacki (resigned 27 January 2017)
Mr B Walker
Mr B Young (alternate director to Mr B Walker)

The directors who have been appointed since the year end are:

Mr V Nursiah (appointed 27 January 2017)
Ms P H Whitaker (appointed 27 January 2017)

Company Secretary

Intertrust Corporate Services Limited (previously known as SFM Corporate Services Limited, name changed on 9 December 2016) served as the company secretary during the year and subsequently.

Future developments

There are no future developments expected.

Financial instruments

Details of the Company's financial risk management objectives and policies are included in the strategic report and within note 15.

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the annual reports and the financial statements.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

GREAT ST. HELEN'S FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2016

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and the financial statements have been prepared on a going concern basis.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 101 'Reduced Disclosure Framework'. 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 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 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.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

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

Auditors

The auditors, BDO LLP have expressed their willingness to continue in office and in accordance with section 487 of the Companies Act 2006, BDO LLP are deemed to be re-appointed as auditor of the Company.

GREAT ST. HELEN'S FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2016

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



Ms P H Whitaker
Director

GREAT ST. HELEN'S FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GREAT ST. HELEN'S FINANCE LIMITED

We have audited the financial statements of Great St. Helen's Finance Limited for the year ended 30 November 2016, set out on pages 9 to 27. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Auditors' 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 Auditors

As explained more fully in the Directors' Responsibilities Statement on page 5, 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 Financial Reporting Council'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 Strategic Report and the Directors' 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 30 November 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

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

GREAT ST. HELEN'S FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GREAT ST. HELEN'S FINANCE
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.



Daniel Taylor (Senior Statutory Auditor)

for and on behalf of
BDO LLP

Chartered Accountants & Registered Auditors

55 Baker Street
London
W1U 7EU

Date: 25/8/17

GREAT ST. HELEN'S FINANCE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2016

	Note	2016 CAN\$000	2015 CAN\$000
Administrative expenses		(220)	(245)
Operating loss	4	<u>(220)</u>	<u>(245)</u>
Interest receivable and similar income	6	10,630	11,501
Interest payable and expenses	7	(10,741)	(11,505)
Loss before tax		<u>(331)</u>	<u>(249)</u>
Tax on loss	8	-	-
Loss for the year		<u><u>(331)</u></u>	<u><u>(249)</u></u>

There was no other comprehensive income for 2016 (2015: CAN\$000NIL).

The notes on pages 12 to 27 form part of these financial statements.

All operations were continuing in the current and prior year.

GREAT ST. HELEN'S FINANCE LIMITED
REGISTERED NUMBER: 05606790

STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2016

	Note	2016 CAN\$000	2015 CAN\$000
Financial assets			
Loans and receivables	9	1,070,000	1,070,000
		<u>1,070,000</u>	<u>1,070,000</u>
Current assets			
Debtors: amounts falling due within one year	10	1,876	1,007
Cash at bank and in hand	11	341	283
		<u>2,217</u>	<u>1,290</u>
Creditors: amounts falling due within one year	12	(1,454)	(414)
Net current assets		<u>763</u>	<u>876</u>
Total assets less current liabilities		<u>1,070,763</u>	<u>1,070,876</u>
Creditors: amounts falling due after more than one year	13	(1,069,298)	(1,069,080)
		<u>1,465</u>	<u>1,796</u>
Net assets		<u><u>1,465</u></u>	<u><u>1,796</u></u>
Capital and reserves			
Profit and loss account		1,465	1,796
Total shareholders funds		<u><u>1,465</u></u>	<u><u>1,796</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 AUGUST 2017.



Ms P H Whitaker
 Director

The notes on pages 12 to 27 form part of these financial statements.

GREAT ST. HELEN'S FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2016

	Called up share capital CAN\$000	Profit and loss account CAN\$000	Total equity CAN\$000
At 1 December 2014	-	2,045	2,045
Comprehensive income for the year	-	-	-
Loss for the year	-	(249)	(249)
At 1 December 2015	-	1,796	1,796
Comprehensive income for the year	-	-	-
Loss for the year	-	(331)	(331)
At 30 November 2016	-	1,465	1,465

GREAT ST. HELEN'S FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2016

1. General information

Great St. Helen's Finance Limited is a private company, limited by shares, incorporated and domiciled in England & Wales, registration number 05606790. The registered office is 35 Great St Helen's, London, EC3A 6AP. The principal activity of the Company is to issue bonds, to use the proceeds to make loans and to enter into various related financial transactions.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 101 is given in note 21.

The financial statements are expressed in Canadian Dollars (CAN\$) and figures are rounded to CAN\$000. The rate at 30 November 2016 for the Canadian Dollar against sterling was 1.6806 (2015 - 2.0051).

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company meets the definition of a qualifying entity and is a Financial institution as defined in Financial Reporting Standard 100 Application of Financial Reporting Requirements. The Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to fair value measurement as applicable to assets and liabilities other than financial instruments and presentation of a cash flow statement.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Where relevant, equivalent disclosures have been provided in the group accounts of Morgan Stanley, in which the Company is consolidated. Copies of Morgan Stanley accounts can be obtained from www.morganstanley.com/investorrelations.

2.3 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and the financial statements have been prepared on a going concern basis.

GREAT ST. HELEN'S FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

2. Accounting policies (continued)

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

2.6 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below.

The classification of the financial assets and financial liabilities was the same in previous financial statements, where they were prepared in accordance with applicable UK accounting standards. There has been no change to the comparative carrying amounts of the financial assets and financial liabilities as a result of the company adopting FRS 101 in the current year.

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Financial Liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

Financial liabilities comprising bonds and interest rate swaps are classified as derivative financial instruments in accordance with IAS 39.

The financial liabilities at fair value through profit or loss are stated at fair value with any resulting gains or losses recognised in the Statement of Comprehensive Income.

GREAT ST. HELEN'S FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

2. Accounting policies (continued)

2.6 Financial instruments (continued)

Financial liabilities were designated at fair value as the entity has financial liabilities that share one or more risks and those risks are managed and evaluated on a fair value basis in accordance with a documented policy of asset and liability management.

All borrowings are interest bearing. Such borrowings, being the Bonds issued by the Company, are initially recognised at fair value. The Bonds are designated as hedged instruments with interest rates being the designated hedged risk. Following initial recognition at fair value the Bonds are fair valued for the designated hedged risk and gains and losses are recognised in the Statement of Comprehensive Income.

Derivative financial instruments utilised by the Company comprise the Swaps. The Company does not enter into speculative derivative contracts. Such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Company in line with the Company's risk management policy.

The fair value of an interest rate swap is the estimated amount that the Company would receive or pay to terminate the Swaps at the balance sheet date, and are based upon the market price of comparable instruments at that date.

Derivative financial instruments designated as hedging instruments are accounted for in accordance with the Company's accounting policy regarding hedging.

Derivative financial instruments qualify as hedging instruments for hedge accounting purposes when:

- (a) at the inception of the hedge there is formal designation and documentation of the hedging relationship and of the risk management strategy and objective;
- (b) the hedge is expected to be highly effective in offsetting the risk;
- (c) the liability being hedged is reliably measurable and presents an exposure to variations in value that could ultimately affect profit or loss;
- (d) the effectiveness of the hedge can be reliably measured;
- (e) the hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the reporting periods for which the hedge was designated.

At amortised cost

Financial liabilities at amortised cost are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

GREAT ST. HELEN'S FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016

2. Accounting policies (continued)

2.7 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.8 Hedge accounting

The Company uses variable to fixed interest rate swaps to manage its exposure to interest rate risk on its borrowings as the hedged risk in a fair value hedge relationship. These derivatives are measured at fair value at each balance sheet date.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

An ineffective portion of the hedge is always recognised immediately in the profit and loss account.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is CAN\$.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

GREAT ST. HELEN'S FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

2. Accounting policies (continued)

2.11 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.12 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.13 Adoption of new and revised international financial reporting standards

New Standards, amendments and interpretations effective for the first time for the financial year beginning 1 December 2015, but not currently relevant to the company (although they may affect the accounting for future transactions and events):

- IAS 16 (annual improvements 2012) – 'Property, Plant and Equipment'
- IAS 19 (amendment) – 'Employee benefits'
- IAS 40 (annual improvement 2013) – 'Investment Property'
- IFRS 1 (annual improvement 2013) – 'First time adoption'
- IFRS 3 (annual improvement 2013) – 'Business combinations'
- IFRS 13 (annual improvement 2012) – 'Fair value measurement'
- IFRS 13 (annual improvement 2013) – 'Fair value measurement'

The above revised standards have not had any impact on the company's financial statements in the current year. The company will apply for the above standards prospectively to all future transactions and events.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

All financial liabilities at fair value through profit or loss and derivative financial instruments are unquoted, with a fair value obtained by Morgan Stanley using non observable valuation inputs. In 2015 and 2016 these are all classified as level 3 in the fair value hierarchy with no transfers between levels. Sensitivity changes to the underlying assumptions to the observable valuation inputs would not have a material input on the fair value of financial instruments disclosed at the balance sheet date.

All financial liabilities at fair value through profit or loss and derivative financial instruments are unquoted, with a fair value obtained by Morgan Stanley using non observable valuation inputs.

Management have not applied any other significant judgements or estimates in the preparation of these financial statements.

GREAT ST. HELEN'S FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

4. Operating loss

The operating loss is stated after charging:

	2016 CAN\$000	2015 CAN\$000
Exchange differences	5	(2)

The Company has no employees and services required are contracted from third parties. The directors received no remuneration from the Company in respect of qualifying services rendered to the Company during the year. Related party transactions with Directors are detailed further in note 18 to the accounts.

5. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2016 CAN\$000	2015 CAN\$000
Fees for the audit of the Company (including VAT)	33	33
	<u>33</u>	<u>33</u>

6. Interest receivable and similar income

	2016 CAN\$000	2015 CAN\$000
Loan interest receivable	10,630	11,501
	<u>10,630</u>	<u>11,501</u>

7. Interest payable and similar charges

	2016 CAN\$000	2015 CAN\$000
Other interest payable	10,523	11,394
Fair value loss on financial liabilities	218	111
	<u>10,741</u>	<u>11,505</u>

All of the fair value losses on financial liabilities recognised in the Statement of Comprehensive Income have arisen on financial liabilities classified at Level 3 within the fair value hierarchy.

GREAT ST. HELEN'S FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016

8. Taxation

	2016 CAN\$000	2015 CAN\$000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.33%). The differences are explained below:

	2016 CAN\$000	2015 CAN\$000
Loss on ordinary activities before tax	(331)	(249)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.33%)	(66)	(51)
Effects of:		
Unutilised losses carried forward	66	51
Total tax charge for the year	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016

9. Loans and receivables

	Loans CAN\$000
Cost or valuation	
At 1 December 2015	1,070,000
At 30 November 2016	<u>1,070,000</u>
Net book value	
At 30 November 2016	<u>1,070,000</u>
<i>At 30 November 2015</i>	<u>1,070,000</u>

The interest rates applicable to the Loans are determined by reference to CAD-BA-CDOR. Interest is payable monthly in arrears at 0.1048% above CAD-BA-CDOR for the Loan.

GREAT ST. HELEN'S FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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10. Debtors

	2016 CAN\$000	2015 CAN\$000
Other debtors	869	-
Prepayments and accrued income	1,007	1,007
	<u>1,876</u>	<u>1,007</u>

11. Cash and cash equivalents

	2016 CAN\$000	2015 CAN\$000
Cash at bank and in hand	341	283
	<u>341</u>	<u>283</u>

12. Creditors: Amounts falling due within one year

	2016 CAN\$000	2015 CAN\$000
Accruals and deferred income	1,454	414
	<u>1,454</u>	<u>414</u>

GREAT ST. HELEN'S FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016

13. Creditors: Amounts falling due after more than one year

	2016 CAN\$000	2015 CAN\$000
Bonds	1,045,105	1,032,991
Share capital treated as debt (note 17)	150	150
Swaps	24,043	35,939
	<u>1,069,298</u>	<u>1,069,080</u>

The Bonds are due to redeem within five years from the balance sheet date. The Swap matures concurrently with the Bonds.

The interest rate applicable to the Bonds is 5.46046%. Interest payments were made on 10 January 2008, 10 December 2008, 10 December 2009, and a further payment is due on 10 March 2020.

If not otherwise redeemed or purchased and cancelled the Bond will be redeemed at their principal amount outstanding on 10 March 2020. In the event of redemption (in whole or part) of the Bonds, a corresponding portion of the Swaps will also terminate and a termination payment may be due to the hedge counterparties.

As at 30 November 2016 the fair value of the Bonds was CAN\$1,045,105,476 (2015 - CAN\$1,032,991,167) and the fair value of the Swap was CAN\$24,042,846 (2015 - CAN\$35,939,267). The Bonds and the Swaps are secured by a security assignment agreement over the Loans. The nominal value of the Bonds was CAN\$1,070,000,000 (2015 - CAN\$1,070,000,000).

All financial liabilities at fair value through profit or loss and derivative financial instruments are unquoted, with a fair value obtained by Morgan Stanley using non observable valuation inputs. In 2015 and 2016 these are all classified as level 3 in the fair value hierarchy with no transfers between levels. Sensitivity changes to the underlying assumptions to the observable valuation inputs would not have a material input on the fair value of financial instruments disclosed at the balance sheet date.

All financial liabilities at fair value through profit or loss and derivative financial instruments are unquoted, with a fair value obtained by Morgan Stanley using non observable valuation inputs.

The following significant assumptions have been used in relation to the valuation of the Bonds and Swaps:

Bonds

- Bonds are not assumed to be paid before the contractual maturity date;
- Bonds have a bullet repayment at maturity so the discount rate is calculated as at the maturity of the bonds; and
- Discount rate mirrors the assumptions used in the evaluation of interest rate swaps as the relationship is designated as a fair value hedge.

Swaps

- Swaps are not assumed to be unwound/settle before the contractual maturity date;
- Forecasting of Canadian- Libor (CDOR) rate uses the historic pattern of CDOR; and
- The risk discount curve is modelled over the life of the swap and the benchmark discount rates are discounted using forward interest rates which are also modelled over the life of the swap.

GREAT ST. HELEN'S FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016

14. Financial instruments

	2016 CAN\$000	2015 CAN\$000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,072,217	1,071,290
	1,072,217	1,071,290
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(1,069,148)	(1,068,930)
Financial liabilities measured at amortised cost	(1,454)	(414)
	(1,070,602)	(1,069,344)

A reconciliation between the opening and closing balances of financial instruments held as fair value through profit or loss is presented below:

	30 November 2015	Interest accrued during the year	Fair value	30 November 2016
	CAN\$000	CAN\$000	CAN\$000	CAN\$000
Bonds	1,032,991	45,036	(32,922)	1,045,105
Swaps	35,939	(45,036)	33,140	24,043
	1,068,930	-	218	1,069,148

There were no redemptions during the year.

GREAT ST. HELEN'S FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016

15. Financial risk management objectives and policies

The Company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the Company's operations.

Transactions in financial instruments result in the Company assuming or transferring to another party one or more of the financial risks described below.

Interest rate risk

The Company has financed its operations principally through the issue of the Bonds. The Company has entered into the Swaps to generate the desired interest profile and manage the Company's exposure to interest rate fluctuations. The Swaps ensure that the Company's borrowings are in effect at a floating rate of interest.

Credit risk

The Company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments. None of the Company's financial assets are considered overdue as at 30 November 2016.

As discussed further in the Strategic report the Company's financial assets are concentrated with a single counterparty, Morgan Stanley & Co. International plc, who have an A rated credit rating with Standard and Poors, the credit rating agency (2015 – A rating).

Liquidity risk

The Company's objective is to maintain continuity of funding to enable the ongoing payment of coupons to the holders of the Bonds (the "Bondholders"). Coupon payments to Bondholders are financed by means of interest rate swaps in relation to each series of Bonds which hedge the fixed rate coupons to a floating rate of interest. The payments to the swap provider are in turn financed by interest receipts on the Loans made by the Company. The Company has no undrawn borrowing facilities available to it.

Currency risk

As at 30 November 2016 the Company was not exposed to currency risk.

Hedging activities

The Company's financial risk management policy is to hedge interest rate exposure through the use of interest rate swaps with related third parties. Through interest rate swaps the Company mitigates its floating exposure against fixed interest rate exposure on its assets and liabilities.

Interest rate profile

The interest rate profile of the Company's interest bearing financial assets and liabilities are set out below, as well as the interest rate swap contract entered into by the Company:

GREAT ST. HELEN'S FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016

15. Financial risk management objectives and policies (continued)

	Fixed rate	Floating rate	Total
	CAN\$000	CAN\$000	CAN\$000
Assets			
Loans and receivables	-	1,070,000	1,070,000
Debtors	1,876	-	1,876
Cash at bank	-	341	341
	<u>1,876</u>	<u>1,070,341</u>	<u>1,072,217</u>
Liabilities			
Bonds	(1,045,105)	-	(1,045,105)
Swaps	-	(24,043)	(24,043)
	<u>(1,045,105)</u>	<u>(24,043)</u>	<u>(1,069,148)</u>

The interest rates applicable to the Loans are determined by reference to CAD-BA-CDOR. Interest is payable monthly in arrears at 0.1048% above CAD-BA-CDOR for the Loan.

The interest rate applicable to the Bonds is 5.46046%. Interest payments were made on 10 January 2008, 10 December 2008, 10 December 2009, and a further payment is due on 10 March 2020.

The cash flows of the Bond mirror those of the fixed leg on the interest rate swap. These two legs will offset perfectly. As a result of this a 1% uplift to the underlying CDOR rates applied to the loans in 2016 would have caused an increase in profit and shareholders' funds of CAN\$95,060 (2015 - CAN\$107,112). Conversely a 1% reduction in the underlying CDOR rates in 2016 would have caused a reduction in profit and shareholders' funds of CAN\$95,058 (2015 - CAN\$107,115). Also as a result of 1% uplift of the underlying CDOR rates applied to the floating leg of the SWAP would have caused a decrease in profit and shareholders' funds of CAN\$95,058 (2015 - CAN\$107,115). The Interest rate sensitivity on the bond and fixed leg of the interest rate SWAP are not disclosed as they offset each other.

Liquidity profile

If not otherwise redeemed or purchased and cancelled the Bond will be redeemed at their principal amount outstanding on 10 March 2020. In the event of redemption (in whole or part) of the Bonds, a corresponding portion of the Swaps will also terminate and a termination payment may be due to the hedge counterparties.

The following table sets out the contracted maturity dates of Liabilities at their carrying value as at the balance sheet date:

GREAT ST. HELEN'S FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2016**

15. Financial risk management objectives and policies (continued)

	Less than 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total
	CAN\$000	CAN\$000	CAN\$000	CAN\$000	CAN\$000
Liabilities at 30 November 2016:					
Bonds	-	-	(1,045,105)	-	(1,045,105)
Swaps	-	-	(24,043)	-	(24,043)
	-	-	(1,069,148)	-	(1,069,148)
Liabilities at 30 November 2015:					
Bonds	-	-	(1,032,991)	-	(1,032,991)
Swaps	-	-	(35,939)	-	(35,939)
	-	-	(1,068,930)	-	(1,068,930)

The following table sets out the contractual future cash flows of the Bonds at par value as at the balance sheet date:

	Less than 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total
	CAN\$000	CAN\$000	CAN\$000	CAN\$000	CAN\$000
Liabilities at 30 November 2016:					
Bonds	-	-	(1,090,000)	-	(1,090,000)
	-	-	(1,090,000)	-	(1,090,000)
Liabilities at 30 November 2015:					
Bonds	-	-	(1,090,000)	-	(1,090,000)
	-	-	(1,090,000)	-	(1,090,000)

16. Capital management

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company was not in breach of the minimum requirement during the period or at the period end.

GREAT ST. HELEN'S FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. Share capital

	2016 CAN\$000	2015 CAN\$000
Shares classified as debt		
Allotted, called up and fully paid		
75,150 Ordinary A shares of CAN\$1 each	75	75
74,850 Ordinary B shares of CAN\$1 each	75	75
	<u>150</u>	<u>150</u>

The A Ordinary shares and the B Ordinary shares rank pari passu in all respects, except that:

(1) the holders of the Ordinary A shares do not have the right to receive notice of, attend, speak or vote at any general meeting at which a resolution for the voluntary winding-up (or equivalent) of the Company is to be passed;

(2) the holders of the Ordinary B shares have the right to receive notice of but not the right to attend, speak or vote at any general meeting unless the business of the meeting includes consideration of a proposal to appoint or remove a B director, consideration of a proposal to vary the rights attaching to the Ordinary B shares or consideration of a resolution for the voluntary winding-up (or equivalent) of the Company.

18. Related party transactions

At the year end an accrued dividend of CAN\$38,000 (2015 - CAN\$38,000) was payable to Intertrust Investments Limited (previously Structured Finance Management Investments Limited, name changed on 9 December 2016).

During the year the Company accrued CAN\$10,630,285 (2015 - CAN\$11,501,238) of interest from Morgan Stanley under the Loans, of which CAN\$1,006,831 (2015 - CAN\$1,006,862) was included in debtors as accrued interest receivable at the year end, and paid CAN\$45,036,234 (2015 - CAN\$42,732,062) on the Swaps.

Mr R Berry and Mr J-P Nowacki were also directors of Intertrust Management Limited (previously Structured Finance Management Limited, name changed on 9 December 2016) during the year. The Company incurred expenses of CAN\$155,627 (2015 - CAN\$146,909) during the year relating to the provision of management and accounting services from Intertrust Management Limited. Amounts due to Intertrust Management Limited totalling CAN\$107,869 (2015 - CAN\$381,064) were included in creditors as accrued expenses at the year end.

As described in Note 15, the company issued bonds to a related party, Morgan Stanley & Co. International plc, in order to provide a loan to a related party, Morgan Stanley. The Company has also entered into Swaps with Morgan Stanley Capital Services, Inc, a related party.

19. Post balance sheet events

There have been no significant events subsequent to the balance sheet date.

GREAT ST. HELEN'S FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Controlling party

Intertrust Investments Limited (previously Structured Finance Management Investments Limited), a company incorporated in the United Kingdom and registered in England and Wales, is the holder of the 75,150 issued A ordinary shares. The entire issued share capital of Intertrust Investments Limited is held by Intertrust SFM Holdings Limited (previously SFM Holdings Limited), a company incorporated in Jersey.

Norfolk Trading B.V., a company registered in the Netherlands, is the holder of the 74,850 issued B ordinary shares.

The ultimate parent undertaking and controlling entity of the smallest and largest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley. Morgan Stanley has its registered office c/o The Corporation Trust Company, The Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States of America and is incorporated in the state of Delaware in the United States of America. Copies of its financial statements can be obtained from www.morganstanley.com/investorrelations."

21. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.