Registered number: 04195086

Registered office:
25 Cabot Square
Canary Wharf
London, E14 4QA
United Kingdom

MORGAN STANLEY NORTON INVESTMENTS LIMITED

Report and financial statements

31 December 2019

MORGAN STANLEY NORTON INVESTMENTS LIMITED

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MORGAN STANLEY NORTON INVESTMENTS LIMITED

STRATEGIC REPORT

The Directors present their Strategic report for Morgan Stanley Norton Investments Limited (the "Company") for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is to enter into financing transactions, with no significant changes expected in 2020.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the "Morgan Stanley Group". The Company's immediate parent undertaking is Morgan Stanley Moselle S.à r.l..

BUSINESS REVIEW

Emergence of COVID-19

The coronavirus disease (COVID-19) pandemic has, and will likely continue to, severely impact global economic conditions, resulting in substantial volatility in the global financial markets and operational challenges. The extent of the impact is highly uncertain and cannot be predicted and could adversely affect the future operations and financial condition of Morgan Stanley and the Company.

Overview of 2019 performance and key performance indicators

The Company's main key performance indicators are profit after tax, total assets and total liabilities.

The Company reported a profit after tax for the year amounted to €25,000, compared to €27,000 in the prior year. The profit for the current and prior year comprises of interest receivable of €31,000 (2018: €35,000) with other Morgan Stanley Group undertakings. This amount is offset by audit fees of €6,000 incurred in both the current and prior years. The decrease in interest income with other Morgan Stanley Group undertakings is driven by a decrease in the average interest rate in the year.

The Company's total assets increased by €32,000 to €3,293,000 and is driven by an increase in intercompany balances due from other Morgan Stanley Group undertakings primarily due to interest. The Company's total liabilities increased by €7,000 to €16,000 and is driven by increase in the intercompany balances due to other Morgan Stanley Group undertakings.

RISK MANAGEMENT

The Directors consider that the Company's key financial risks are credit risk, primarily its concentration of exposure to other Morgan Stanley Group undertakings, and liquidity risk arising through its exposure to other Morgan Stanley Group undertakings presented within other payables, loans and advances and debt and other borrowings. The Company leverages the Morgan Stanley Group's credit and liquidity risk frameworks to identify, measure, monitor and control credit risk and to ensure that the Company has access to adequate funding.

The Company also has some limited exposure to country, operational and legal, regulatory and compliance risks.

The Company leverages the risk management policies and procedures of the Morgan Stanley Group. The Company also manages the risk of potential impact on its business (including but not limited to the impact of the United Kingdom's (the "UK") decision to leave the European Union (the "EU") by maintaining a constant planning dialogue with the wider Morgan Stanley Group.

GOING CONCERN

Business risks associated with the uncertain market and economic conditions are being actively monitored and managed by the Morgan Stanley Group and Company. Retaining sufficient capital and liquidity to withstand these market pressures remains central to the Morgan Stanley Group and the Company's strategy. The existing and potential effects of COVID-19 on the business of the Morgan Stanley Group and the Company have been considered as part of the going concern analysis, including impact on operational capacity, access to liquidity and capital and contractual obligations. The Company has access to further Morgan Stanley Group capital and liquidity as required.

Although the Company has net liabilities payable within the next 12 months, the Company is performing in line with expectations and the net liabilities payable within the next 12 months are due to amounts owing to fellow Morgan Stanley Group undertakings, the demand for repayment of which is wholly within the control of the Morgan Stanley Group.

Taking all of these factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

Section 172(1) statement

The Directors are aware of their responsibilities to promote the success of the Company in accordance with s172 of the Companies Act 2006. When making decisions, Directors have regard to the interests of stakeholders relevant to the Company, as well as the need to maintain a reputation for high standards of business conduct and the long term consequences of decisions. They also fulfil their responsibilities through the application of Morgan Stanley Group policies and practices, underpinned by Morgan Stanley's five core values of: do the right thing, put clients first, lead with exceptional ideas, commit to diversity and inclusion and give back.

Approved by the Board and signed on its behalf by

DocuSigned by:

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S I Merry
Director
9 October 2020

MORGAN STANLEY NORTON INVESTMENTS LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements for the Company for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The profit for the year, after tax, was €25,000 (2018: €27,000).

During the year, no dividends were paid or proposed (2018: €nil).

RISK MANAGEMENT AND FUTURE DEVELOPMENTS

Information regarding risk management and future developments has been included in the Strategic report.

DIRECTORS

The following Directors held office throughout the year and to the date of approval of this report (except where otherwise shown):

S E Bayfield	
S I Merry	
B M L Young	(resigned 23 October 2019)
E L M Martin	(appointed 23 September 2019)
J O Wood	(appointed 24 September 2019)

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and Officers' Liability Insurance is taken out by Morgan Stanley, the Company's ultimate parent undertaking, for the benefit of the Directors and Officers of the Company.

DIRECTORS' INDEMNITY

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the year and up to and including the date of the Directors' report for the benefit of the Directors of the Company.

EVENTS AFTER THE REPORTING DATE

Since the balance sheet date, the coronavirus disease (COVID-19) pandemic has, and will likely continue to, severely impact global economic conditions, resulting in substantial volatility in the global financial markets and operational challenges. The extent of the impact is highly uncertain and cannot be predicted and could adversely affect the future operations and financial condition of Morgan Stanley and the Company.

DIRECTORS' REPORT (CONTINUED)

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor of the Company and, under Sections 485 to 488 of the Companies Act 2006, will be deemed to be re-appointed.

Statement as to disclosure of information to the auditor

Each of the persons who are Directors of the Company at the date when this report is approved confirms that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual 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 ("UK GAAP") (UK Accounting Standards and applicable law), including Financial Reporting Standard 101 '*Reduced Disclosure Framework*' ("FRS 101"). 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;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed; 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.

Approved by the Board and signed on its behalf by

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S T Merry
Director
9 October 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN STANLEY NORTON INVESTMENTS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Morgan Stanley Norton Investments Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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 101 *"Reduced Disclosure Framework"*; 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 changes in equity;
- the statement of financial position; 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, including Financial Reporting Standard 101 *"Reduced Disclosure Framework"* (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's (the "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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN STANLEY NORTON INVESTMENTS LIMITED (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

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 MORGAN STANLEY NORTON INVESTMENTS LIMITED (CONTINUED)

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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have 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 Strategic report or 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.

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.

P Cowley

Paul Cowley, C.A. (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
9 October 2020

MORGAN STANLEY NORTON INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

	Note	2019 €'000	2018 €'000
Interest income	4	31	35
Other expense	5	(6)	(6)
PROFIT BEFORE TAXATION		25	29
Income tax result	6	-	(2)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		25	27

All results were derived from continuing operations.

The notes on pages 11 to 15 form an integral part of the financial statements.

MORGAN STANLEY NORTON INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2019

	Share capital €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2018	74	3,151	3,225
Profit and total comprehensive income for the year	-	27	27
Balance at 31 December 2018	74	3,178	3,252
Profit and total comprehensive income for the year	-	25	25
Balance at 31 December 2019	74	3,203	3,277

The notes on pages 11 to 15 form an integral part of the financial statements.

MORGAN STANLEY NORTON INVESTMENTS LIMITED

Registered number: 04195086

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 €'000	2018 €'000
ASSETS			
Loans and advances	8	3,293	3,261
TOTAL ASSETS		3,293	3,261
LIABILITIES			
Other payables	8	14	5
Debt and other borrowings	8	2	2
Current tax liabilities		-	2
TOTAL LIABILITIES		16	9
EQUITY			
Share capital	7	74	74
Retained earnings		3,203	3,178
Equity attributable to owners of the Company		3,277	3,252
TOTAL EQUITY		3,277	3,252
TOTAL LIABILITIES AND EQUITY		3,293	3,261

These financial statements were approved by the Board and authorised for issue on 9 October 2020.

Signed on behalf of the Board

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S I Merry

Director

The notes on pages 11 to 15 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. CORPORATE INFORMATION

The Company is incorporated and domiciled in England and Wales, United Kingdom, at the following registered address 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom. The Company is a private company and is limited by shares. The registered number of the Company is 04195086.

The Company's immediate parent undertaking is Morgan Stanley Moselle S.à r.l., which has its registered office at 19 rue de Bitbourg, Luxembourg L-1273, Luxembourg and is registered in Luxembourg. Copies of its financial statements can be obtained from from Registre de Commerce et de Sociétés, Luxembourg Business Registers, L-2961, Luxembourg.

The Company's ultimate parent undertaking and controlling entity and the largest and smallest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the Morgan Stanley Group. Morgan Stanley has its registered office c/o The Corporation Trust Company, 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.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements are prepared on a going concern basis as explained in the Strategic report and under the historical cost convention in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101.

The Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to financial instruments, fair value measurement, capital management, presentation of a cash-flow statement, accounting standards not yet effective and related party transactions.

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 as detailed at note 1.

New standards and interpretations adopted during the year

The following standards and amendments to standards relevant to the Company's operations were adopted during the year and did not have a material impact on the Company's financial statements, except where otherwise stated.

As part of the 2015-2017 Annual Improvements Cycle published in December 2017, the International Accounting Standards Board ("IASB") made amendments to IAS 12 '*Income Taxes*' for application in accounting periods beginning on or after 1 January 2019. The amendments were endorsed by the EU in March 2019. International Financial Reporting Interpretations Committee 23 ("IFRIC 23") '*Uncertainty over Income Tax Treatments*' was issued by the IASB in June 2017 for application in accounting periods beginning on or after 1 January 2019. The interpretation was endorsed by the EU in March 2019.

2. BASIS OF PREPARATION (CONTINUED)

Critical judgements or estimates

No critical judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements. The Company has not made any key assumptions and there are no other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

The going concern assumption

The Company's business activities, together with the factors likely to affect its future development, performance and position, are reflected in the Business Review section of the Strategic report on page 1.

As set out in the Strategic report, retaining sufficient liquidity and capital to withstand market pressures remain central to the Morgan Stanley Group's and the Company's strategy.

Taking the above factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional currency

Items included in the financial statements are measured and presented in Euros, the currency of the primary economic environment in which the Company operates.

b. Foreign currencies

Monetary assets and liabilities denominated in currencies other than Euros are translated into Euros at the rates ruling at the reporting date. Transactions and non-monetary assets and liabilities denominated in currencies other than Euros are recorded at the rates prevailing at the dates of the transactions. All translation differences are recognised through the statement of comprehensive income.

c. Financial instruments

Financial assets and liabilities primarily comprise loans and advances, other payables and debt and other borrowings.

Loans and advances, other payables and debt and other borrowings are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value and subsequently measured at amortised cost (less allowance for impairment on financial assets). Interest is recognised in the statement of comprehensive income using the effective interest rate ("EIR") method.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset. The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Impairment of financial assets

The Company recognises loss allowances for expected credit losses ("ECL") for its financial assets classified at amortised cost. ECL are the present value of cash shortfalls over the expected life of the financial instrument, discounted at the asset's EIR. ECL are recognised in the statement of comprehensive income within 'Net impairment loss on financial instruments' and is reflected against the carrying amount of the impaired asset on the statement of financial position as an ECL allowance. Where there has been a reduction in ECL, this will be recognised within 'Net reversal of impairment loss on financial instruments'.

e. Income tax

The tax expense represents the sum of the tax currently payable and is calculated based on taxable profit for the year. Taxable profit may differ from profit before taxation as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

4. INTEREST INCOME

'Interest income' represents total interest income for financial assets that are not carried at fair value.

5. OTHER EXPENSE

	2019	2018
	€'000	€'000
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	6	6

The Company employed no staff during the year (2018: nil).

The Company's Directors are employed by other Morgan Stanley Group entities. The Directors' services to the Company are considered to be incidental to their other responsibilities within the Morgan Stanley Group and as such, Directors' remuneration is €nil for the current year (2018: €nil).

6. INCOME TAX RESULT

	2019	2018
	€'000	€'000
Current tax expense		
UK corporation tax at 19% (2018: 19%)		
- Adjustment in respect of prior years	-	2
Income tax result	-	2

Finance (No.2) Act 2015 reduced the UK main rate of corporation tax to 17% with effect from 1 April 2020. However, following the UK Budget on 11 March 2020 and subsequent resolutions given statutory effect under the Provisional Collection of Taxes Act 1968, for the financial year 2020 the UK statutory rate is 19%. While this change does not affect the income tax charge for the year, it will affect future periods..

Reconciliation of effective tax rate

The current year income tax expense is lower (2018: lower) than that resulting from applying the average standard rate of corporation tax in the UK for the year of 19% (2018: 19%). The main differences are explained below:

	2019	2018
	€'000	€'000
Profit before taxation	25	29
Income tax using the average standard rate of corporation tax in the UK of 19% (2018: 19%)	5	6
Impact on tax of		
Group relief received for no cash consideration	(5)	(6)
Tax under provided in prior years	-	2
Total income tax result in the statement of comprehensive income	-	2

7. EQUITY

	Ordinary shares of €0.00026 each	Ordinary shares of €0.00026 each	Ordinary share of £1 each	Ordinary share of £1 each	Total ordinary shares
	Number	€'000	Number	€'000	€'000
Allotted and fully paid:					
At 1 January 2019 and 31 December 2019	283,412,100	74	1	-	74

8. EXPECTED MATURITY OF ASSETS AND LIABILITIES

Loans and advances, other payables and debt and other borrowings relate wholly to amounts due from and to group undertakings respectively.

Other payables of €14,000 (2018: €5,000) and current tax liability of €nil (2018: €2,000) are expected to be settled no more than twelve months after the reporting period, with all other amounts expected to be settled more than twelve months after the reporting period end.

9. SEGMENT REPORTING

The Company has only one class of business, as described in Strategic report and operates in a single geographic market, Europe, Middle East and Africa ("EMEA") and accordingly no segmental analysis has been provided.

10. EVENTS AFTER THE REPORTING DATE

Since the balance sheet date, the coronavirus disease (COVID-19) pandemic has, and will likely continue to, severely impact global economic conditions, resulting in substantial volatility in the global financial markets and operational challenges. The extent of the impact is highly uncertain and cannot be predicted and could adversely affect the future operations and financial condition of Morgan Stanley and the Company.