

Registered number: 03981278

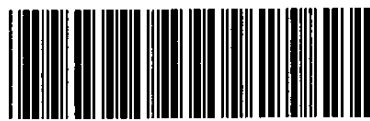
Registered office:
20 Bank Street,
Canary Wharf,
London, E14 4AD,
United Kingdom

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

Report and financial statements

31 December 2018

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MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

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MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

STRATEGIC REPORT

The Directors present their Strategic report for Morgan Stanley Jubilee Investments Limited (the "Company") for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company is to enter into financing transactions and investments and to act as the General Partner in Morgan Stanley UK Financing II LP ("LPII"), with no significant changes expected in 2019.

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".

BUSINESS REVIEW

Overview of 2018 performance and key performance indicators

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

The Company's profit after tax for the year amounted to \$51,302, compared to \$42,990 in the prior year. The profit for the current year and prior year mainly comprised of priority profit shares of \$50,000 per annum as the general partner of LPII, another Morgan Stanley Group undertaking. The increase in profit is driven by recognition of a deferred tax asset of \$7,655 in the current year and a decrease in net interest expense.

An increase in cash and short term deposits was the main driver of the increase in total assets by \$51,286 to \$341,680. Total liabilities did not move significantly during the year.

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 receivables and payables. 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.

As an intermediate holding company, the Company is also exposed to the risk of decline in value of its investments in equity. Due to the current financial strength of its equity, the Directors consider that the actual risk the Company is exposed to is minimal.

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 external impacts 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.

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

Going concern

Retaining sufficient liquidity and capital to withstand market pressures remains central to the Company's strategy. The Company has access to Morgan Stanley Group capital and liquidity. 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.

Approved by the Board and signed on its behalf by

S Merry - Director
05/09/2019

A handwritten signature in black ink, appearing to read 'S Merry', is written over a horizontal line. The signature is fluid and cursive.

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements for the Company for the year ended 31 December 2018

RESULTS AND DIVIDENDS

The profit for the year, after tax, was \$51,302 (2017 \$42,990)

No dividends were paid or proposed during the year (2017 \$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

S I Merry

S Pearson

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 and its holdings

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 and its holdings

EVENTS AFTER THE REPORTING DATE

There have been no significant events since the reporting date

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

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

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 UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard ("FRS") 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

S Merry - Director
05/09/2019



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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Morgan Stanley Jubilee Investments Limited (the "Company").

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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 of which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position;
- the related notes 1 to 13; and
- Appendix to the financial statements

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 JUBILEE 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 JUBILEE 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

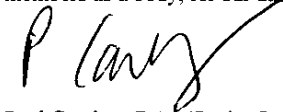
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



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

5 SEPTEMBER 2019

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

INCOME STATEMENT

Year ended 31 December 2018

	Note	2018 \$	2017 \$
Net revenue	4	50,000	50,000
Interest income	5	2	4,823
Interest expense	5	-	(5,304)
Net interest income/(expense)		<u>2</u>	<u>(481)</u>
Other income	6	18	233
Other expense	7	(6,373)	(6,762)
PROFIT BEFORE TAXATION		43,647	42,990
Income tax benefit	8	7,655	-
PROFIT FOR THE YEAR		<u>51,302</u>	<u>42,990</u>

All operations were continuing in the current and prior year

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 \$	2017 \$
PROFIT FOR THE YEAR		51,302	42,990
Items that may be reclassified subsequently to profit or loss			
Available for sale reserve			
Net change in fair value of available-for-sale financial assets		<u>-</u>	<u>3,924</u>
OTHER COMPREHENSIVE INCOME AFTER INCOME TAX		<u>-</u>	<u>3,924</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>51,302</u>	<u>46,914</u>

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Note	Share capital \$	Available-for-sale reserve \$	Retained earnings \$	Total equity \$
Balance at 1 January 2017		1	-	243,463	243,464
Profit and total comprehensive income for the year		-	3,924	42,990	46,914
Balance at 31 December 2017		<u>1</u>	<u>3,924</u>	<u>286,453</u>	<u>290,378</u>
Impact of adoption of new accounting standards	2	-	(3,924)	3,924	-
Profit and total comprehensive income for the year		-	-	51,302	51,302
Balance at 31 December 2018		<u>1</u>	<u>-</u>	<u>341,679</u>	<u>341,680</u>

The notes on pages 10 to 16 form an integral part of the financial statements

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

Registered number. 03981278

STATEMENT OF FINANCIAL POSITION

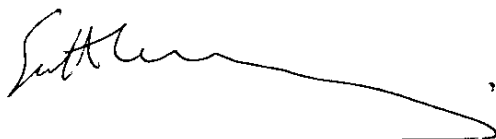
As at 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
Cash and short term deposits		244,823	201,837
Other receivables	12	47,541	46,896
Investments in equity	9	41,661	41,661
Deferred tax assets	10	7,655	-
TOTAL ASSETS		341,680	290,394
LIABILITIES			
Other payables	12	-	16
TOTAL LIABILITIES		-	16
EQUITY			
Share capital	11	1	1
Available-for-sale reserve	11	-	3,924
Retained earnings		341,679	286,453
Equity attributable to owners of the Company		341,680	290,378
TOTAL EQUITY		341,680	290,378
TOTAL LIABILITIES AND EQUITY		341,680	290,394

These financial statements were approved by the Board and authorised for issue on 05/09/2019

Signed on behalf of the Board

S Merry - Director



The notes on pages 10 to 16 form an integral part of the financial statements.

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. CORPORATE INFORMATION

The Company is incorporated and domiciled in England and Wales, UK at the following registered address: 20 Bank Street, Canary Wharf, London, E14 4AD, UK. The Company is a private company and is limited by shares. The registered number of the Company is 03981278.

The Company's immediate parent undertaking is Morgan Stanley International Holdings Inc, which has its registered office at c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States of America.

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's accounts can be obtained as detailed in 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.

International Financial Reporting Standard 9 '*Financial instruments*' ("IFRS 9") was issued by the International Accounting Standards Board ("IASB") in November 2009, reissued in October 2010, amended in November 2013, and revised and reissued by the IASB in July 2014. It is effective for annual periods beginning on or after 1 January 2018 and was endorsed by the EU in November 2016. The Company has adopted IFRS 9 from 1 January 2018 with no restatement of comparative periods under the transitional provisions of the Standard. Equity investments previously held at available-for-sale have moved to fair value through profit or loss ("FVPL") with a consequent transfer of the accumulated available-for-sale reserve to retained earnings. There was no effect on net opening reserves.

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2. BASIS OF PREPARATION (CONTINUED)

New standards and interpretations adopted during the year (continued)

Amendments to FRS 100 and FRS 101 '*Triennial review 2017 amendments*' were issued by the Financial Reporting Council in December 2017 for application in accounting periods beginning on or after 1 January 2019. The Company has early adopted all these amendments from 1 January 2018.

Critical judgements

The recognition of deferred tax assets is a key source of estimation uncertainty, specifically the number of future years where profits will be generated resulting in recognition of a deferred tax asset. A deferred tax asset equivalent to one year's forecast profits has been recognised. For each year additional year recognised, the deferred tax asset would increase by approximately \$7,600.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional currency

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

b. Foreign currencies

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

c. Cash and cash equivalents

Cash and cash equivalents comprise cash and demand deposits with banks, net of outstanding bank overdrafts, along with highly liquid investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

d. Financial instruments

Financial assets and liabilities primarily comprise investments in equity and other receivables and payables.

Investments in equity are stated at fair value through profit and loss. Dividends and any fair value gains or losses are recognised in the income statement in 'Net gains on investments in equity'. Fair value of investments in equity is determined by the Company's share of an entity's net assets.

Other receivables and payables 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 income statement using the effective interest rate ("EIR") method.

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Financial instruments (continued)

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.

e. Impairment of financial assets

From 1 January 2018, the Company recognises loss allowances for expected credit losses ("ECL") for its financial assets classified at amortised cost. ECLs are the present value of cash shortfalls over the expected life of the financial instrument, discounted at the asset's EIR. ECL is recognised in the income statement within 'Net reversal of 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. Until 31 December 2017, impairment losses on financial assets were measured as the difference between the carrying amount and the present value of estimated cash flows discounted at the asset's original EIR.

f. 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 income statement 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.

Deferred tax is accounted for using the balance sheet liability method. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are generally recognised for taxable temporary differences, except where they relate to investments in subsidiaries and the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and limited to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is reflected within other comprehensive income or equity, respectively.

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. NET REVENUE

	2018	2017
	\$	\$
Priority profit share as General Partner in Morgan Stanley UK Financing II LP	<u>50,000</u>	<u>50,000</u>

5. INTEREST INCOME AND INTEREST EXPENSE

'Interest income' and 'Interest expense' represent total interest income and total interest expense for financial assets and financial liabilities that are not carried at fair value.

6. OTHER INCOME

	2018	2017
	\$	\$
Net foreign exchange gains	2	233
Other income	<u>16</u>	<u>-</u>
	<u>18</u>	<u>233</u>

7. OTHER EXPENSE

	2018	2017
	\$	\$
Auditors remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>6,373</u>	<u>6,762</u>

The Company employed no staff during the year (2017: nil).

The Company's Directors are employed by other Morgan Stanley Group companies. 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 (2017: \$nil).

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8. INCOME TAX BENEFIT

	2018	2017
	\$	\$
Deferred tax		
Origination and reversal of temporary differences	7,655	-
Income tax benefit	<u>7,655</u>	<u>-</u>

A potential deferred tax asset of \$1,719,000 (2017: \$1,736,000) relating to tax losses has not been recognised due to uncertainty over future profits in the Company.

Finance (No.2) Act 2015 enacted a reduction in the UK corporation tax rate to 19% with effect from 1 April 2017. Finance Act 2016 enacted a further reduction in the UK corporation tax rate to 17% with effect from 1 April 2020 which will impact the current tax charge in future periods.

Reconciliation of effective tax rate

The current year income tax is lower (2017: lower) than that resulting from applying the average standard rate of corporation tax in the UK for the year of 19% (2017: 19.25%). The main differences are explained below:

	2018	2017
	\$	\$
Profit before taxation	<u>43,647</u>	<u>42,990</u>
Income tax using the average standard rate of corporation tax in the UK of 19% (2017: 19.25%)	8,293	8,274
Impact on tax of		
Recognition of previously unrecognised losses	(7,655)	-
Utilisation of brought forward losses	<u>(8,293)</u>	<u>(8,274)</u>
Total income tax benefit in the income statement	<u>(7,655)</u>	<u>-</u>

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

9. INVESTMENT IN EQUITY

	Equity \$
Cost and carrying amounts	
At 1 January 2018 and December 2018	<u>41,661</u>

Details of all investments in equity (including indirect equity) of the Company at 31 December 2018 can be found in the Appendix to the financial statements.

10. DEFERRED TAX ASSETS

Deferred taxes are calculated on all temporary differences under the liability method. The movement in the deferred tax account is as follows

	Deferred tax \$
At 1 January 2018	-
Amount recognised in the statement of comprehensive income	<u>7,655</u>
At 31 December 2018	<u>7,655</u>

11. EQUITY

Ordinary share capital

	2018	2017
	\$	\$
Allotted and fully paid:		
1 ordinary share of \$1	<u>1</u>	<u>1</u>

Reserves

The 'Available-for-sale reserve' at 31 December 2018 was \$nil (2017: \$3,924). Following the adoption of IFRS 9, the 'Available-for-sale reserve' was transferred to retained earnings. In the prior year, the 'Available-sale-reserve' included the cumulative net change in the fair value of available for sale financial assets held at the reporting date. The tax effect of these movements was also included in the 'Available-for-sale reserve.'

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

12. EXPECTED MATURITY OF ASSETS AND LIABILITIES

Other receivables and payables relate wholly to amounts due from and to group undertakings respectively.

Other receivables of \$47,541 (2017: \$46,896), deferred tax assets of \$7,655 (2017: \$nil) and other payables of \$nil (2017: \$16) are expected to be settled no more than twelve months after the reporting period.

13. SEGMENT REPORTING

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

MORGAN STANLEY JUBILEE INVESTMENTS LIMITED

APPENDIX TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Details of all investments in equity (including indirect equity) of the Company at 31 December 2018 and investments in available-for-sale financial assets at 31 December 2017 are shown in the table below.

Name of Company	Address of undertaking's registered office	Type of shares held	Nature of business
Archimedes Investments Cooperatieve U.A.**	Herikerbergweg 238 Luna Arena 1101CM	B Membership Shares (0.10% shareholding)	Financial Services
Morgan Stanley B.V.**^	Amsterdam Netherlands	Ordinary (0.000666% direct and 0.10% indirect shareholding)	Financial Services

** Direct equity

^ The Company holds both direct and indirect (through Archimedes Investments Cooperatieve U.A.) interest in Morgan Stanley B V

Registered number: LP14778

Registered office:
20 Bank Street,
Canary Wharf,
London, E14 4AD,
United Kingdom

MORGAN STANLEY UK FINANCING II LP

Report and financial statements

31 December 2018

MORGAN STANLEY UK FINANCING II LP

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MORGAN STANLEY UK FINANCING II LP

STRATEGIC REPORT

Morgan Stanley Jubilee Investments Limited (the "General Partner") presents its Strategic report for Morgan Stanley UK Financing II LP (the "Limited Partnership") for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the Limited Partnership is to enter into financing activities and investments, with no significant changes expected in 2019.

The Limited Partnership's ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with the Limited Partnership and Morgan Stanley's other subsidiary undertakings, form the "Morgan Stanley Group".

BUSINESS REVIEW

Overview of 2018 performance and key performance indicators

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

The Limited Partnership's profit for the year amounted to \$361,000, compared to \$48,366,000 in the prior year. The decrease in profit primarily relates to a \$48,002,000 decrease in interest income from other Morgan Stanley Group undertakings mainly as a result of a lower average loan receivable in the year from Morgan Stanley International Holdings Inc. ("MSIHI") following a distribution made to the limited partners in the prior year.

Total assets have increased by \$281,000 from \$11,155,000 at 31 December 2017 to \$11,436,000 at 31 December 2018. The increase is primarily driven by interest generated on loans receivable from MSIHI.

Risk management

The General Partner considers that the Limited Partnership'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 loans and advances and other payables. The Limited Partnership leverages the Morgan Stanley Group's credit and liquidity risk frameworks to identify, measure, monitor and control credit risk and to ensure that the Limited Partnership has access to adequate funding.

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

The Limited Partnership leverages the risk management policies and procedures of the Morgan Stanley Group. The Limited Partnership also manages the risk of potential external impacts 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 dialogue with the wider Morgan Stanley Group.

MORGAN STANLEY UK FINANCING II LP

STRATEGIC REPORT (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Going concern

Although the Limited Partnership has net liabilities payable within the next 12 months, the Limited Partnership 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. In addition, the Limited Partnership's ultimate parent undertaking and controlling entity, Morgan Stanley, has agreed to provide financial support to the Limited Partnership to meet its obligations. As a result, the General Partner believes it is reasonable to assume that the Limited Partnership 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.

Approved and signed on behalf of the General Partner

A handwritten signature in black ink, appearing to read 'S Merry', is written over a horizontal line. The signature is fluid and cursive.

S Merry - Director

For and on behalf of Morgan Stanley Jubilee Investments Limited (General Partner)

05/09/2019

MORGAN STANLEY UK FINANCING II LP

GENERAL PARTNER'S REPORT

The General Partner presents their report and financial statements for the Limited Partnership for the year ended 31 December 2018

RESULTS AND DISTRIBUTIONS

The profit for the year, attributable to the partners, was \$361,000 (2017: \$48,366,000)

During the year there was no distribution paid from Morgan Stanley UK Financing II LP to the Limited Partners (2017 \$2,185,987,000)

RISK MANAGEMENT AND FUTURE DEVELOPMENTS

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

PARTNERS

The following companies were partners throughout the year and to the date of approval of this report

Morgan Stanley Jubilee Investments Limited (General Partner)

Morgan Stanley International Holdings Inc (Limited Partner)

Morgan Stanley Luxembourg Financing II S à r l (Limited Partner)

Partner's interests are set out in note 7 of the financial statements

The policies under which distributions are made and contributions returned to the partners are determined by the Limited Partnership Deed

EVENTS AFTER THE REPORTING DATE

There have been no significant events since the reporting date

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor of the Limited Partnership and, under the terms of the Limited Partnership Deed, will be deemed to be re-appointed

Statement as to disclosure of information to the auditor

The person who is General Partner of the Limited Partnership at the date when this report is approved confirms that.

- so far as the General Partner is aware, there is no relevant audit information of which the Limited Partnership's auditor is unaware, and
- the General Partner has taken all the steps that it ought to have taken as a General Partner to make itself aware of any relevant audit information and to establish that the Limited Partnership'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, relevant for the Limited Partnership

MORGAN STANLEY UK FINANCING II LP

GENERAL PARTNER'S REPORT (CONTINUED)

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES

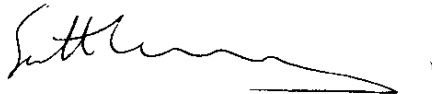
The General Partner is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the General Partner to prepare financial statements for each financial year. Under that law the General Partner has elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard ("FRS") 101 'Reduced Disclosure Framework' ("FRS 101"). Under company law the General Partner 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 Limited Partnership and of the profit or loss of the Limited Partnership for that period. In preparing these financial statements, the General Partner is 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 Limited Partnership will continue in business

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Limited Partnership 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 Limited Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved and signed on behalf of the General Partner



S Merry - Director

For and on behalf of Morgan Stanley Jubilee Investments Limited (General Partner)

05/09/2019

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF MORGAN STANLEY UK FINANCING II LP

Report of the audit of financial statements

Opinion

In our opinion the financial statements of Morgan Stanley UK Financing II LP (the "Limited Partnership"):

- give a true and fair view of the state of the Limited Partnership's affairs as at 31 December 2018 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 of the Limited Partnership which comprise:

- the statement of comprehensive income;
- the statement of changes in partners' interests;
- the statement of financial position; and
- the related notes 1 to 9.

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 Limited Partnership 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 ("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 General Partner's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the General Partner has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Limited Partnership'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 PARTNERS OF MORGAN STANLEY UK FINANCING II LP (CONTINUED)

Other information

The General Partner is 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 the General Partner

As explained more fully in the General Partner's responsibilities statement, the General Partner is 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 General Partner determines 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 General Partner is responsible for assessing the Limited Partnership'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 General Partner either intends to liquidate the Limited Partnership 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 PARTNERS OF MORGAN STANLEY UK FINANCING II LP (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 General Partner's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the General Partner's report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Limited Partnership and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the General Partner's report.

Matters on which we are required to report by exception

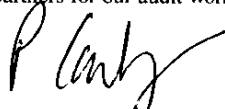
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 General Partner's 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 Limited Partnership's partners in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Partnership's partners 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 Limited Partnership and the Limited Partnership's partners for our audit work, for this report, or for the opinions we have formed.



Paul Cowley, C.A. (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

5 September 2019

MORGAN STANLEY UK FINANCING II LP

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 \$'000	2017 \$'000
Interest income	4	385	48,387
Interest expense	4	(18)	(11)
Net interest income		<u>367</u>	<u>48,376</u>
Other expense	5	(6)	(10)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>361</u>	<u>48,366</u>

All operations were continuing in the current and prior year.

STATEMENT OF CHANGES IN PARTNERS' INTERESTS

Year ended 31 December 2018

Note	Morgan Stanley Jubilee Investments Limited (General Partner) \$'000	Morgan Stanley International Holdings Inc. (Limited Partner) \$'000	Morgan Stanley Luxembourg Financing II S.à r.l. (Limited Partner) \$'000	Total Partners' Interests \$'000
Balance at 1 January 2017	-	2,054,655	93,512	2,148,167
Profit and total comprehensive income for the year	50	46,242	2,074	48,366
Transactions with owners:				
Distribution payable	7 (50)	-	-	(50)
Return of capital and distributions	7 -	(2,092,145)	(93,842)	(2,185,987)
Balance at 31 December 2017	<u>-</u>	<u>8,752</u>	<u>1,744</u>	<u>10,496</u>
Profit and total comprehensive income for the year	50	298	13	361
Transactions with owners:				
Distribution payable	7 (50)	-	-	(50)
Balance at 31 December 2018	<u>-</u>	<u>9,050</u>	<u>1,757</u>	<u>10,807</u>

The notes on pages 10 to 13 form an integral part of the financial statements.

MORGAN STANLEY UK FINANCING II LP

Registered number. LP14778

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 \$'000	2017 \$'000
ASSETS			
Loans and advances	8	11,436	11,155
Investments in subsidiaries	6	-	-
TOTAL ASSETS		11,436	11,155
LIABILITIES			
Other payables	8	629	659
TOTAL LIABILITIES		629	659
PARTNERS' INTERESTS			
Partners' capital classed as common equity		10,807	10,496
TOTAL PARTNERS' INTERESTS		10,807	10,496
TOTAL LIABILITIES AND PARTNERS' INTERESTS		11,436	11,155

These financial statements were approved by the General Partner and authorised for issue on 05/09/2019

Signed on behalf of the General Partner



S Merry - Director

For and on behalf of Morgan Stanley Jubilee Investments Limited (General Partner)

The notes on pages 10 to 13 form an integral part of the financial statements.

MORGAN STANLEY UK FINANCING II LP

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

1. CORPORATE INFORMATION

The Limited Partnership has been established and is domiciled in England and Wales, UK at the following registered address: 20 Bank Street, Canary Wharf, London, E14 4AD, UK. The registered number of the Limited Partnership is LP14778.

The Limited Partnership's immediate parent undertaking is Morgan Stanley International Holdings Inc which has its registered office at c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States of America. Copies of the financial statements can be obtained from www.morganstanley.com/investorrelations.

The Limited Partnership's ultimate parent undertaking and controlling entity and the largest and smallest group of which the Limited Partnership is a member and for which group financial statements are prepared is Morgan Stanley which, together with the Limited Partnership 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

The Company is not required to prepare consolidated financial statements by virtue of the exemption under Section 401 of the Companies Act 2006.

Statement of compliance

The financial statements are prepared on a going concern basis as explained in the Strategic report and under the historical cost convention, in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law) including FRS101.

The Limited Partnership 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 Limited Partnership is consolidated. Copies of Morgan Stanley's 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 Limited Partnership's operations were adopted during the year and did not have a material impact on the Limited Partnership's financial statements, except where otherwise stated:

International Financial Reporting Standard 9 '*Financial instruments*' ("IFRS 9") was issued by the International Accounting Standards Board ("IASB") in November 2009, reissued in October 2010, amended in November 2013, and revised and reissued by the IASB in July 2014. It is effective for annual periods beginning on or after 1 January 2018 and was endorsed by the EU in November 2016. The Limited Partnership has adopted IFRS 9 from 1 January 2018 with no restatement of comparative periods under the transitional provisions of the Standard. There is no impact on the classification and measurement of the Limited Partnership's financial assets and liabilities. Impairment of financial assets is based on expected credit losses ("ECL") and there was no effect on opening partners' interests.

Amendments to FRS 100 and FRS 101 '*Triennial review 2017 amendments*' were issued by the Financial Reporting Council in December 2017 for application in accounting periods beginning on or after 1 January 2019. The Limited Partnership has early adopted all these amendments from 1 January 2018.

Critical judgements

No judgements have been made in the process of applying the Limited Partnership's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

MORGAN STANLEY UK FINANCING II LP

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional currency

Items included in the financial statements are measured and presented in US dollars, the currency of the primary economic environment in which the Limited Partnership operates

b. Foreign currencies

Monetary assets and liabilities denominated in currencies other than US dollars are translated into US dollars at the rates ruling at the reporting date. Transactions and non-monetary assets and liabilities denominated in currencies other than US dollars 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, investments in subsidiaries and other payables.

Investments in subsidiaries are stated at cost, less provision for impairment. Dividends, impairment losses and reversals of impairment losses are recognised in the statement of comprehensive income in 'Net gains on investments in subsidiaries'.

Loans and advances and other payables are recognised when the Limited Partnership 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 Limited Partnership 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 Limited Partnership derecognises financial liabilities when the Limited Partnership's obligations are discharged, cancelled or they expire.

d. Impairment of financial assets

From 1 January 2018, the Limited Partnership recognises loss allowances for expected credit losses (ECL) for its financial assets classified at amortised cost. ECLs are the present value of cash shortfalls over the expected life of the financial instrument, discounted at the asset's EIR. ECL is 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. Until 31 December 2017, impairment losses on financial assets were measured as the difference between the carrying amount and the present value of estimated cash flows discounted at the asset's original EIR.

Impairment losses on investments in subsidiaries are measured as the difference between cost and the current estimated recoverable amount. When the recoverable amount is less than the cost, an impairment is recognised within the statement of comprehensive income in 'Net losses on investments in subsidiaries' and is reflected against the carrying amount of the impaired asset on the statement of financial position.

e. Income tax

No provision for taxation has been made in the financial statements. Each partner is exclusively liable for any tax liability arising out of its interest in the Limited Partnership, which will be assessed on the Partners and not on the Limited Partnership.

MORGAN STANLEY UK FINANCING II LP

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

4. INTEREST INCOME AND INTEREST EXPENSE

'Interest income' and 'Interest expense' represent total interest income and total interest expense for financial assets and financial liabilities that are not carried at fair value.

5. OTHER EXPENSE

	2018 \$'000	2017 \$'000
Net foreign exchange losses	-	3
Auditor's remuneration:		
Fees payable to the Limited Partnership's auditor for the audit of the Limited Partnership's annual financial statements	<u>6</u>	<u>7</u>
	<u>6</u>	<u>10</u>

The Limited Partnership employed no staff during the year (2017: nil).

6. INVESTMENT IN SUBSIDIARIES

	Subsidiary undertakings \$'000
Cost	
At 1 January 2018 and 31 December 2018	<u>116</u>
Impairment provisions	
At 1 January 2018 and 31 December 2018	<u>(116)</u>
Carrying amounts	
At 1 January 2018 and 31 December 2018	<u>-</u>

Details of all investments in subsidiaries (including indirect subsidiaries) of the Limited Partnership at 31 December 2018 and 31 December 2017 can be found in the Appendix to the financial statements.

MORGAN STANLEY UK FINANCING II LP

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

7. PARTNERS' INTEREST

	\$'000
At 1 January 2017	2,148,167
Profit and total comprehensive income for the year	48,366
Distribution paid to General Partner	(50)
Distribution paid to Limited Partners	<u>(2,185,987)</u>
At 1 January 2018	10,496
Profit and total comprehensive income for the year	361
Distribution paid to General Partner	<u>(50)</u>
At 31 December 2018	<u><u>10,807</u></u>

On 31 December 2018, the Limited Partnership paid a distribution of \$50,000 to the General Partner representing a priority profit share in line with the Limited Partnership Deed.

Distributions may be made as determined by the terms of the Limited Partnership Deed.

8. EXPECTED MATURITY OF ASSETS AND LIABILITIES

Loans and advances and other payables relate wholly to amounts due from and to Group undertakings respectively.

Other payables of \$629,000 (2017: \$659,000) 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 Limited Partnership has only one class of business operating in a single geographic market, Europe, Middle East and Africa ("EMEA") and accordingly no segmental analysis has been provided.

MORGAN STANLEY UK FINANCING II LP

APPENDIX TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Details of all investments in subsidiaries (including indirect subsidiaries) of the Limited Partnership at 31 December 2018 and 31 December 2017 are shown in the table below.

All shares held are ordinary shares and relate to 100% holdings and 100% proportion of voting rights held except where noted.

Name of Company	Address of undertaking's registered office	Type of shares held	Nature of business
Morgan Stanley Cadzand III Limited	Maples Corporate Services Limited PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands	Ordinary	Holding Company
Morgan Stanley Strategic Funding Limited*	20 Bank Street Canary Wharf London, E14 4AD United Kingdom	Ordinary (49% shareholding)	Financial Services

* Denotes shareholding attributed to the Company which is not held directly by the Company.