



**ARGENT**

**Company Registration No. 3965242**

**Argent (King's Cross) Limited**

**Annual Report and Financial Statements**

**Year ended 31 December 2016**

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**Argent (King's Cross) Limited**

**Annual report and financial statements 2016**

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**ARGENT**  
**Argent (King's Cross) Limited**

## Directors' report

The directors present their annual report and the audited financial statements for Argent (King's Cross) Limited ("the Company") for the year ended 31 December 2016. This is a private company limited by shares. The financial statements have been prepared on the going concern basis, as detailed in note 9 and set out below.

### Principal activities and business review

The Company's principal activity is the development and asset management of King's Cross Central in NIC, London.

### Directors

The directors who held office during the year and to the date of this report, except as shown, were as follows:

C R A Darroch      *(appointed 1 January 2017)*  
\*R M Evans  
\*M I Freeman  
\*P G Freeman  
\*A Gibbs  
D L Grose          *(resigned 1 January 2017)*  
N E V Jenkins      *(appointed 1 January 2017)*  
\*D J G Partridge  
C M Taylor         *(resigned 1 January 2017)*  
J H E Thompson  
J G M Wates

As at 31 December 2016, the individuals marked with an asterisk held ordinary shares indirectly via their shareholdings in the Company's sole shareholder, Argent King's Cross GP Limited.

In preparing this Directors' Report, the Directors have complied with S414C(11) of the Companies Act 2006 by including certain disclosures required by S416(4) within the Strategic Report, as follows:

- Financial risk management objectives and policies
- Future developments
- Results and dividends

### Statement of disclosure to auditor

Each of the directors at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue to trade for the foreseeable future. Accordingly, the directors continue to adopt a going concern basis in preparing the financial statements.

### Auditor

Deloitte LLP resigned as auditor with effect from 6 April 2017. KPMG LLP were then appointed as auditor on 13 September 2017. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

**D J G Partridge**

Director

29 September 2017



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## Argent (King's Cross) Limited

### Strategic report

The Company has entered into an Asset Management Agreement ("AMA") with King's Cross Central General Partner Limited ("KCCGP") in KCCGP's capacity as general partner of the King's Cross Central Limited Partnership ("KCCLP"). The Company also entered into a services agreement with Argent (Property Development) Services LLP ("ASLLP") in order to perform its obligations under the AMA.

In addition, there exists a management agreement between Argent King's Cross GP Limited ("AKXGP") and the Company, under which the Company and AKXGP are entitled to certain fees arising in connection with the Company's provision of development and asset management services to KCCLP.

During 2016, the Company continued to fulfil its duties under the AMA with KCCGP through its agreement with ASLLP. The directors expect the Company to continue this activity for the foreseeable future.

#### Results and dividends

During the year, the Company made a profit before tax of £96,606 (2015: loss of £85,202); the results for the year are shown on page 5. No dividends were paid or declared during the current or preceding year.

#### Key events

The Company continued to provide asset and development management services to KCCLP. A number of milestones were achieved during the year, which resulted in Performance Fees and Milestone Payments becoming due of £10,915,104 (2015: £5,263,028).

#### KPIs

The following KPIs are used by management to monitor the company:

	2016	2015
	£	£
Turnover	30,339,399	19,976,148
Operating profit/(loss) before tax	81,692	(120,747)
Shareholders' funds/(deficit)	79,956	(6,308)
Milestone payments	2,178,762	2,037,092
Performance fees	8,736,342	3,225,936

#### Financial risk management

The directors have considered the impact of adverse changes in the market on the financial risks of market, currency, interest rate, credit and liquidity risks. It has been determined that any adverse changes in the market to the parameters that determine the effects of these financial risks will have a minimal impact on the financial performance and position of the company. The Directors continue to monitor the economic market for fluctuations which drive Company decisions and policy.

#### Risk identification and management

The directors consider the principal risks relating to the company's activities are: planning and political; construction; letting; and financial. The company's risk profile is reviewed regularly by the Board and, where appropriate, action is taken to mitigate such risks.

#### Political and charitable contributions

The Company made no political contributions or charitable donations during the current or preceding year.

On behalf of the board

D-J G Partridge

Director

29 September 2017

4 Stable Street, London, N1C 4AB



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## Argent (King's Cross) Limited

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Argent (King's Cross) Limited**

We have audited the financial statements of Argent (King's Cross) Limited for the year ended 31 December 2016 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

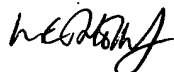
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Bill Holland (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
29 September 2017



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## Argent (King's Cross) Limited

### Profit and loss account for the year ended 31 December 2016

	Notes	2016 £	2015 £
Turnover		30,339,399	19,976,148
Cost of sales		(30,230,614)	(20,086,721)
<b>Gross profit/(loss)</b>		<b>108,785</b>	<b>(110,573)</b>
Administrative expenses	2	(27,093)	(10,174)
<b>Operating profit/(loss)</b>		<b>81,692</b>	<b>(120,747)</b>
Interest receivable		17,115	36,353
Interest payable		(2,201)	(808)
<b>Profit/(loss) before taxation</b>		<b>96,606</b>	<b>(85,202)</b>
Tax charge on profit/loss	3	(10,342)	(14,373)
<b>Profit/(loss) for the financial year</b>		<b>86,264</b>	<b>(99,575)</b>

All amounts derive from continuing operations.

The Company has no recognised gains or losses other than the profit/(loss) for the current and preceding year, and hence no statement of other comprehensive income has been presented.

The notes on pages 9 to 12 form part of these financial statements.



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**Argent (King's Cross) Limited**

**Balance sheet  
as at 31 December 2016**

	Notes	2016 £	2015 £
<b>Current assets</b>			
Debtors	4	27,702,597	22,673,390
Cash at bank		<u>3,027,454</u>	<u>734,617</u>
		30,730,051	23,408,007
<b>Creditors: amounts falling due within one year</b>	5	<u>(30,650,095)</u>	<u>(23,414,315)</u>
<b>Net assets/(liabilities)</b>		<u>79,956</u>	<u>(6,308)</u>
<b>Capital and reserves</b>			
Called up share capital	6	100	100
Profit and loss account		<u>79,856</u>	<u>(6,408)</u>
<b>Shareholders' funds/(deficit)</b>		<u>79,956</u>	<u>(6,308)</u>

The notes on pages 9 to 12 form part of these financial statements.

These financial statements (Company number 3965242) were approved by the Board of Directors on 29 September 2017 and were signed on its behalf by:

**D J G Partridge**  
Director





**Argent (King's Cross) Limited**

**Statement of changes in equity  
for the year ended 31 December 2016**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 January 2015</b>	<u>100</u>	<u>93,167</u>	<u>93,267</u>
<b>Year ended 31 December 2015:</b>			
Loss for the financial year	<u>-</u>	<u>(99,575)</u>	<u>(99,575)</u>
<b>Balance at 31 December 2015</b>	<u>100</u>	<u>(6,408)</u>	<u>(6,308)</u>
<b>Year ended 31 December 2016:</b>			
Profit for the financial year	<u>-</u>	<u>86,264</u>	<u>86,264</u>
<b>Balance at 31 December 2016</b>	<u>100</u>	<u>79,856</u>	<u>79,956</u>

The notes on pages 9 to 12 form part of these financial statements.



## Argent (King's Cross) Limited

### Cash flow statement for the year ended 31 December 2016

	Notes	2016 £	2015 £
<b>Cash flow from operating activities</b>			
Operating profit/(loss)		81,692	(120,747)
(Increase)/decrease in debtors	4	(5,290,015)	3,074,177
Increase/(decrease) in creditors	5	7,233,159	(22,599,233)
Taxation		253,087	236,408
<b>Net cash inflow/(outflow) from operating activities</b>		<u>2,277,923</u>	<u>(19,409,395)</u>
<b>Cash flow from financing activities</b>			
Interest received		17,115	36,353
Interest paid		(2,201)	(808)
<b>Net cash inflow from financing activities</b>		<u>14,914</u>	<u>35,545</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>2,292,837</u>	<u>(19,373,850)</u>
Opening cash		<u>734,617</u>	<u>20,108,467</u>
<b>Closing cash at 31 December</b>		<u><u>3,027,454</u></u>	<u><u>734,617</u></u>

The notes on pages 9 to 12 form part of these financial statements.



## Argent (King's Cross) Limited

### Notes to the financial statements for the year ended 31 December 2016

#### 1. Accounting policies

Argent (King's Cross) Limited is a Company domiciled and registered in England and Wales. The registered office is 4 Stable Street, London, NIC 4AB.

##### **Basis of preparation**

These financial statements have been prepared in accordance with the Framework of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies adopted are set out below. These have all been applied consistently throughout the current and preceding year.

The financial statements have been prepared on a going concern basis, as described in note 9.

##### **Turnover**

Turnover represents asset and development management fees, performance fees and milestone payments receivable, recognised by the Company in respect of services supplied, net of VAT. Turnover relates entirely to operations in the United Kingdom.

##### **Taxation**

UK corporation is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### **Debtors and creditors**

Debtors are initially held at historic cost and subsequently at cost less provisions. Provisions are made where it is established that there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. The provision is recognised in the profit and loss account.

Creditors are recognised at historic cost.

##### **Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider there to be any judgements that have a significant effect on the amounts recognised in the financial statements.

#### 2. Audit fees and staff

The fees for the audit of the Company of £6,800 are included in administrative expenses (2015: £8,523).

The Company did not employ any staff during the current or preceding year. None of the directors received any remuneration or other emoluments in respect of their services to the Company (2015: £nil).

**Argent (King's Cross) Limited**
**Notes to the financial statements  
for the year ended 31 December 2016**
**3. Tax on profit/(loss) on ordinary activities**
**(a) Analysis of tax charge for the year**

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profit for the year	2,621	-
Adjustment in respect of prior periods	7,721	14,373
<b>Total tax per profit and loss account</b>	<u>10,342</u>	<u>14,373</u>

**(b) Factors affecting the tax charge for the year**

	2016 £	2015 £
The charge for the year can be reconciled back to the profit/(loss) per the profit and loss account:		
Profit/(loss) for the year	<u>96,606</u>	<u>(85,202)</u>
Tax on profit/(loss) on ordinary activities multiplied by standard rate of UK corporation tax of 20% (2015: 20.25%)	19,321	(17,253)
Effects of:		
Expenses not deductible for tax purposes	340	-
Losses	(17,040)	17,253
Adjustment in respect of prior periods	7,721	14,373
<b>Total tax charge</b>	<u>10,342</u>	<u>14,373</u>

**Factors that may affect future tax charges**

The UK corporation tax rate reduced from 20% to 19% on 1 April 2017. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce any current tax charges in future periods accordingly.

There are no other factors that may significantly affect future tax charges.

**4. Debtors: due within one year**

	2016 £	2015 £
Trade debtors	2,070,277	2,234,386
Corporation tax	-	260,808
VAT	508,119	2,502,301
Other debtors	13,708	13,708
Accrued income	25,110,493	17,662,187
	<u>27,702,597</u>	<u>22,673,390</u>



## Argent (King's Cross) Limited

### Notes to the financial statements for the year ended 31 December 2016

#### 5. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	-	2,123,798
Due to Argent King's Cross GP Limited	1,045,659	1,134,226
Due to Argent King's Cross Limited Partnership	22,243,495	15,646,351
Corporation tax payable	2,621	-
Other creditors	999	999
Accruals	7,357,321	4,508,941
	<u>30,650,095</u>	<u>23,414,315</u>

Amounts due to Argent King's Cross GP Limited and Argent King's Cross Limited Partnership carry no interest and are repayable on demand.

#### 6. Called up share capital

	2016 £	2015 £
Allotted and called up 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

#### 7. Related party transactions

The Company is a wholly owned subsidiary of AKXGP, the general partner of Argent King's Cross Limited Partnership ("AKXLP"). The Company and AKXGP have all the directors in common. The Company also has directors in common with KCCGP, being D J Partridge, R M Evans and P G Freeman. Certain directors of the Company, being R M Evans, M I Freeman, P G Freeman, A Gibbs, D J G Partridge, J H E Thompson and J G M Wates are also members of ASLLP. In addition, certain of the Company's directors, R M Evans, M I Freeman, P G Freeman, A Gibbs and D J G Partridge, are also indirect partners in AKXLP, which is a unit holder in King's Cross Central Property Trust, the sole limited partner of KCCLP. BT Pension Scheme is the ultimate majority investor in AKXLP.

During the year, management fees, performance fees and milestone payments of £30,256,078 (2015: £19,369,564) accrued from KCCLP under the AMA. This is included within turnover in the profit and loss. A balance of £26,771,806 was outstanding at 31 December 2016 (2015: £19,792,085) in respect of those fees. This is disclosed in Trade debtors and Accrued income, see note 4.

During the year, ASLLP charged fees of £23,127,478 (2015: £20,086,721) to the Company under the Services Agreement (see Strategic Report for further details). This is included within Cost of sales in the profit and loss. At the year-end, ASLLP is owed £6,670,787 (2015: £6,148,633) in respect of these fees. This balance is disclosed within Accruals, see note 5.

During the year, the Company charged fees to AKXLP, via AKXGP acting as its general partner, of £6,522,603, in accordance with the management agreement (see Strategic Report for further details). This balance is included in cost of sales in the profit and loss. At the year-end, the Company owed £22,243,495 (2015: £15,646,351) in relation to these fees. This balance is disclosed within creditors – see note 5.

At the year-end, the Company owed AKXGP £1,045,701 (2015: £1,134,226), in relation to historic funding received from Argent Group Limited. This balance is disclosed within creditors, see note 5, and it is anticipated this balance will be cleared in the next accounting period.



## **Argent (King's Cross) Limited**

### **Notes to the financial statements for the year ended 31 December 2016**

Michael Freeman, a director of the Company, AKXGP, and indirect limited partner in AKXLP, and David Partridge, a director of the Company, KCCGP, AKXGP and indirect limited partner in AKXLP, entered into contracts to purchase apartments in Tapestry, a building within the King's Cross estate, for £497,500 and £1,141,875, respectively. David Partridge also entered into a contract to purchase an apartment in the Gasholders, another building within the King's Cross estate, at a price of £3,200,000. All of the contracts are at the list prices for each of the properties concerned. Sales of the apartments in Tapestry completed during the year.

#### **8. Ultimate controlling party**

The immediate parent undertaking of the Company is Argent King's Cross GP Limited, which is incorporated in Great Britain and registered in England and Wales. Argent King's Cross GP Limited is also the Company's ultimate controlling party and is the only entity in which the results of the Company are consolidated. The consolidated financial statements are available from Companies House.

Argent King's Cross GP Limited is ultimately majority owned by the BT Pension Scheme, registered address: Lloyds Chambers, 1 Portsoken Street, London, E1 8HZ.

#### **9. Going concern**

The directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt a going concern basis in preparing the financial statements.