



Company Registration No. 3965242

Argent (King's Cross) Limited

Directors' Report and Financial Statements

Year ended 31 December 2017

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Argent (King's Cross) Limited

Directors' Report and financial statements 2017

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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 2017. This is a private company limited by shares. The financial statements have been prepared on the going concern basis, as detailed in note 10 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, resigned 4 May 2018)
*D J G Partridge
C M Taylor (resigned 1 January 2017)
J H E Thompson
J G M Wates

As at 31 December 2017, 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.

Political and charitable contributions

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

Auditor

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

R M Evans
Director

 25 September
..... 2018



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 2017, 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 £190 (2016: £96,606); the results for the year are shown on page 6. 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 £3,333,355 (2016: £10,915,104).

KPIs

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

	2017	2016
	£	£
Turnover	20,798,142	30,339,399
Operating (loss)/profit before tax	(11,988)	81,692
Shareholders' funds	82,586	79,956
Milestone payments	3,333,355	2,178,762
Performance fees	-	8,736,342

Financial risk management

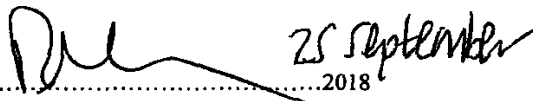
The directors have considered the impact of adverse changes in the market on the financial risks of market, currency, interest rate, credit and liquidity risks. It has been determined that any adverse changes in the market to the parameters that determine the effects of these financial risks will have 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.

On behalf of the board

R M Evans
Director


25 September
.....2018

4 Stable Street, London, N1C 4AB



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Argent (King's Cross) Limited

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Opinion

We have audited the financial statements of Argent King's Cross Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity, the Cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Bill Holland (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

26 September 2018



Argent (King's Cross) Limited

Profit and loss account for the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	2	20,798,142	30,339,399
Cost of sales		<u>(20,791,315)</u>	<u>(30,230,614)</u>
Gross profit		6,827	108,785
Administrative expenses	3	<u>(18,815)</u>	<u>(27,093)</u>
Operating (loss)/profit		(11,988)	81,692
Interest receivable		12,614	17,115
Interest payable		<u>(436)</u>	<u>(2,201)</u>
Profit before taxation		190	96,606
Tax credit/(charge) on profit on ordinary activities	4	<u>(2,440)</u>	<u>(10,342)</u>
Profit for the financial year		<u>2,630</u>	<u>86,264</u>

All amounts derive from continuing operations.

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

The notes on pages 10 to 14 form part of these financial statements.



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Argent (King's Cross) Limited

**Balance sheet
as at 31 December 2017**

	Notes	2017 £	2016 £
Current assets			
Debtors	5	20,075,774	27,702,597
Cash at bank		13,896,167	3,027,454
		<u>33,971,941</u>	<u>30,730,051</u>
Creditors: amounts falling due within one year	6	<u>(33,889,355)</u>	<u>(30,650,095)</u>
Net assets		<u>82,586</u>	<u>79,956</u>
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account		82,486	79,856
Shareholders' funds		<u>82,586</u>	<u>79,956</u>

The notes on pages 10 to 14 form part of these financial statements.

These financial statements (Company number 3965242) were approved by the Board of Directors on ... 25 September ... 2018 and were signed on its behalf by:

R M Evans
Director



Argent (King's Cross) Limited

**Statement of changes in equity
for the year ended 31 December 2017**

	Called up share capital	Profit and loss account	Total
	£	£	£
Balance at 1 January 2016	100	(6,408)	(6,308)
Year ended 31 December 2016:			
Profit for the financial year	-	86,264	86,264
Balance at 31 December 2016	100	79,856	79,956
Year ended 31 December 2017:			
Profit for the financial year	-	2,630	2,630
Balance at 31 December 2017	100	82,486	82,586

The notes on pages 10 to 14 form part of these financial statements.



Argent (King's Cross) Limited

Cash flow statement for the year ended 31 December 2017

	Notes	2017 £	2016 £
Cash flow from operating activities			
Operating (loss)/profit		(11,988)	81,692
Decrease/(increase) in debtors	5	7,626,824	(5,290,015)
Increase in creditors	6	3,241,699	7,233,159
Taxation		-	253,087
Net cash inflow from operating activities		10,856,535	2,277,923
Cash flow from financing activities			
Interest received		12,614	17,115
Interest paid		(436)	(2,201)
Net cash inflow from financing activities		12,178	14,914
Increase in cash and cash equivalents		10,868,713	2,292,837
Opening cash		3,027,454	734,617
Closing cash at 31 December		13,896,167	3,027,454

The notes on pages 10 to 14 form part of these financial statements.



Argent (King's Cross) Limited

Notes to the financial statements for the year ended 31 December 2017

1. Accounting policies

Argent (King's Cross) Limited is a Company limited by shares incorporated in England and Wales. The registered office is 4 Stable Street, London, N1C 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 10.

Turnover

Turnover represents asset and development management fees, performance fees (and interest on unpaid amounts) and milestone payments receivable, recognised by the Company in respect of services supplied, net of VAT. Revenue from development management fees and interest on performance fees is recognised as it earned on an accrual basis. Revenue from milestones payment is recognised when the milestone has been achieved. Performance fee income is recognised when the conditions have been met for it to be paid. Turnover relates entirely to operations in the United Kingdom.

Taxation

UK corporation tax 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.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss



Argent (King's Cross) Limited

Notes to the financial statements (continued) for the year ended 31 December 2017

1 Accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Classification of financial liabilities

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

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. Turnover

	2017	2016
	£	£
Performance fees and Milestone payments	3,333,335	10,905,104
Base and other fees	12,984,288	19,424,295
Interest accrued on unpaid Performance fees	4,480,499	-
	<u>20,798,142</u>	<u>30,339,399</u>

3. Audit fees and staff

The fees for the audit of the Company of £6,800 are included in administrative expenses (2016: £6,800).

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 (2016: £nil).



Argent (King's Cross) Limited

Notes to the financial statements (continued) for the year ended 31 December 2017

4. Tax on profit on ordinary activities

(a) Analysis of tax (credit)/charge for the year

	2017 £	2016 £
Current tax		
UK corporation tax on profit for the year	181	2,621
Adjustment in respect of prior periods	(2,621)	7,721
Total tax per profit and loss account	<u>(2,440)</u>	<u>10,342</u>

(b) Factors affecting the tax (credit)/charge for the year

The (credit)/charge for the year can be reconciled back to the profit per the profit and loss account:	2017 £	2016 £
Profit for the year	190	96,606
Tax on profit on ordinary activities multiplied by standard rate of UK corporation tax of 19.25% (2016: 20%)	37	19,321
Effects of:		
Expenses not deductible for tax purposes	144	340
Losses	-	(17,040)
Adjustment in respect of prior periods	(2,621)	7,721
Total tax (credit)/charge	<u>(2,440)</u>	<u>10,342</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.

5. Debtors: due within one year

	2017 £	2016 £
Trade debtors	762,105	2,070,277
VAT	-	508,119
Other debtors	13,708	13,708
Accrued income	19,299,961	25,110,493
	<u>20,075,774</u>	<u>27,702,597</u>



Argent (King's Cross) Limited

Notes to the financial statements (continued) for the year ended 31 December 2017

6. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	365,467	-
Due to Argent King's Cross GP Limited	1,046,084	1,045,659
Due to Argent King's Cross Limited Partnership	29,473,157	22,243,495
Corporation tax payable	181	2,621
VAT due	477,243	-
Other creditors	999	999
Accruals	2,526,224	7,357,321
	<u>33,889,355</u>	<u>30,650,095</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.

7. Called up share capital

	2017 £	2016 £
Allotted and called up 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

8. 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 £19,817,126 (2016: £30,256,078) accrued from KCCLP under the AMA. This is included within turnover in the profit and loss. A balance of £19,889,866 was outstanding at 31 December 2017 (2016: £26,771,806) in respect of those fees. This is disclosed in Trade debtors and Accrued income, see note 5.

During the year, ASLLP charged fees of £12,586,320 (2016: £23,127,478) 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 £2,066,241 (2016: £6,670,787) in respect of these fees. This balance is disclosed Trade Creditors and Accruals, see note 6.

During the year, AKXLP charged fees of £7,223,979 (2016: £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 £29,473,157 (2016: £22,243,495) in relation to these fees. This balance is disclosed within creditors – see note 6.

At the year-end, the Company owed AKXGP £1,046,084 (2016: £1,045,701), in relation to historic funding received from Argent Group Limited This balance is disclosed within creditors, see note 6.



Argent (King's Cross) Limited

Notes to the financial statements (continued) for the year ended 31 December 2017

8. Related party transactions (continued)

Sir David Clementi and D J G Partridge, directors of the General Partner throughout the year, purchased apartments in Gasholders in February 2018 at market value. Sir David Clementi's purchase price was £2,155,000 and David Partridge's purchase price was £3,200,000. Nicholas Searl, appointed as a director of the General Partner on 7 April 2018, purchased an apartment in Gasholders at market value, at a purchase price of £1,062,200, in February 2018.

9. 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: 150 Cheapside, London, EC2V 6ET.

10. 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.

11. Subsequent events

In June 2018, following an equity raise of £125m that was executed by KCCPT, £40.6m of performance fee accrued from KCCLP under the AMA was paid to AKXL. This, less the relevant margin, was then passed on to AKXLP.