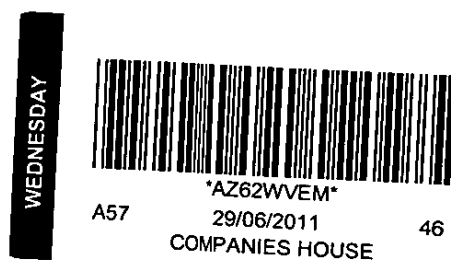


Company Registration No. 3965242

Argent (King's Cross) Limited

Directors' Report and Financial Statements

31 December 2010



Argent (King's Cross) Limited

Report and financial statements 2010

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Argent (King's Cross) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010. The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

Principal activities and business review

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

On 27 March 2008, the company entered into an Asset Management Agreement ("AMA") with King's Cross Central General Partner Limited ("KCCGPL") in KCCGPL's capacity as general partner of the King's Cross Central Limited Partnership. The company also entered into an agreement with Argent Estates Limited to procure the resources to perform its obligations under its AMA with the King's Cross Central Limited Partnership.

During 2010, the company continued to fulfil its duties under the AMA with KCCGPL through its agreement with Argent Estates Limited. The directors predict the company continuing this activity for the foreseeable future.

Results and dividends

The result for the year is shown on page 5; during the year, the company made a loss of £337,712 (2009 £1,818,164). No dividends were paid or declared during the year and none are proposed (2009 £nil).

Directors

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

A D Evans *(resigned 20 September 2010)*
R M Evans
M I Freeman
P G Freeman
A Gibbs
A J Giddings
P F Hazell
R N Madelin
D J G Partridge
A J S Prower
G J Taylor
S Tillman
T J W Turnbull *(appointed 20 September 2010)*
R Webb

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 renewed 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 year (2009 £nil).

Argent (King's Cross) Limited

Directors' report

Information to auditor

Each of the directors at the date of the 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 considered the effects of the uncertain economic environment and the net current liabilities of the company. The accounts have been prepared on a going concern basis. Please see note 9 on Going Concern.

Auditor

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution for reappointment will be proposed at the forthcoming Annual General Meeting.



By order of the board

A J S Prower
Director

14 June 2011

Argent (King's Cross) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent, 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.

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 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

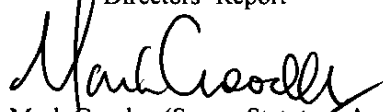
Opinion on other matter prescribed by the Companies Act 2006

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

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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report.



Mark Goodey (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
24 June 2011

Argent (King's Cross) Limited

Profit and loss account For the year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover		5,112,000	3,902,617
Cost of sales		(5,447,087)	(5,758,321)
Gross loss		(335,087)	(1,855,704)
Administrative expenses	2	(2,625)	-
Loss on ordinary activities before taxation		(337,712)	(1,855,704)
Tax credit on loss on ordinary activities	3	-	37,540
Loss on ordinary activities after taxation	6	(337,712)	(1,818,164)

All amounts derive from continuing operations

The group has no recognised gains or losses other than the loss for the current and preceding year

There is no difference between the results as stated and those on a historical cost basis

Argent (King's Cross) Limited

Balance sheet At 31 December 2010

	Notes	2010 £	2009 £
Current assets			
Debtors	4	121,418	373,226
Creditors: amounts falling due within one year	5	<u>(5,333,886)</u>	<u>(5,247,982)</u>
Net current liabilities		<u>(5,212,468)</u>	<u>(4,874,756)</u>
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account	6	<u>(5,212,568)</u>	<u>(4,874,856)</u>
Shareholders' deficit		<u>(5,212,468)</u>	<u>(4,874,756)</u>

The notes on page 7 - 10 form part of these financial statements

These financial statements (company number 3965242) were approved by the Board of Directors on 14 June 2011 and were signed on its behalf by



A J S Prower
Director

14 June 2011

Argent (King's Cross) Limited

Notes to the accounts

For the year ended 31 December 2010

1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below. These have all been applied consistently throughout the current and preceding year.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

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

No cash flow statement has been produced as the company is exempt on grounds of its size.

Turnover

Turnover represents management fees receivable recognised by the company in respect of services supplied, net of VAT. Turnover relates entirely to operations in the United Kingdom.

Taxation

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

2. Audit fee and staff

The fees for the audit of the company of £2,625 are included in administrative expenses. Audit fees of £1,500 were borne by the Argent Kings Cross Limited Partnership in 2009.

The company did not employ any staff during the year (2009: none). None of the directors received any remuneration or other emoluments in respect of their services to the company.

Argent (King's Cross) Limited

Notes to the accounts For the year ended 31 December 2010

3. Tax on profit on ordinary activities

	2010 £	2009 £
a) Analysis of tax credit for the year		
Current tax		
UK corporation tax at 28% (2009 28%) on loss in the year	-	37,540
Deferred tax		
Deferred tax credit	-	-
Tax credit on loss on ordinary activities	-	37,540
b) Factors affecting the tax charge for the year		
Loss on operating activities before tax	(337,712)	(1,855,704)
Tax on loss on ordinary activities multiplied by standard rate of UK corporation tax of 28% (2009 28%)	(94,559)	(519,597)
Unutilised losses	94,559	482,057
Current tax credit	-	(37,540)

4 Debtors: due within one year

	2010 £	2009 £
Unpaid share capital	100	100
Due from Argent King's Cross GP Limited	-	44,528
Due from King's Cross Central Limited Partnership	121,318	328,598
	121,418	373,226

5. Creditors: amounts falling due within one year

	2010 £	2009 £
Due to Argent Estates Limited	459,030	5,247,982
Due to Argent King's Cross GP Limited	4,874,856	-
	5,333,886	5,247,982

Argent (King's Cross) Limited

Notes to the accounts For the year ended 31 December 2010

6. Reserves

	Called up share capital 2010 £	Profit and loss account 2010 £	Total 2010 £	Total 2009 £
At 1 January	100	(4,874,856)	(4,874,756)	(3,056,592)
Loss for the year	-	(337,712)	(337,712)	(1,818,164)
At 31 December	100	(5,212,568)	(5,212,468)	(4,874,756)

7. Called up share capital

	2010 £	2009 £
Authorised		
1,000 voting 'A' ordinary shares of £1 each	1,000	1,000
1,000 Convertible non-voting shares of £1 each	1,000	1,000
	<u>2,000</u>	<u>2,000</u>
Called up		
50 voting 'A' ordinary shares of £1 each	50	50
50 Convertible non-voting shares of £1 each	50	50
	<u>100</u>	<u>100</u>

The 'A' ordinary shares and the convertible non-voting shares rank pari passu in all respects except that the non-voting shares carry no rights to speak or vote at General Meetings of the company and do not have any right to appoint directors. The convertible non-voting shares are convertible to 'B' ordinary shares on the satisfaction of a series of conditions contained within the Kings Cross Stage One Masterplan Project Agreement to which the company, inter alia, is a party. The conditions include conclusion of a valuation of the site and delivery of freehold title to the property. After conversion, the 'B' ordinary shares will rank pari passu in all respects with the 'A' ordinary shares. There is no expiry date for conversion.

8. Related party transactions

Argent (King's Cross) Limited is a 100% owned subsidiary of Argent King's Cross GP Limited.

Argent King's Cross GP Limited and Argent King's Cross Limited Partnership are majority owned by the BT Pension Scheme. Argent Estates Limited is 100% owned by the BT Pension Scheme.

During the year, management fees of £5,112,000 (2009 £3,902,617) accrued from the King's Cross Central Limited Partnership. A balance of £121,318 was outstanding at 31 December 2010 (2009 £328,598).

Also during the year, management fees of £5,447,087 (2009 £5,758,321) accrued to Argent Estates Limited. A balance of £459,030 was outstanding at 31 December 2010 (2009 £5,247,982).

Argent (King's Cross) Limited

Notes to the accounts

For the year ended 31 December 2010

9. Going concern

The company's activities are set out in the Directors' Report on page 1. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current resources. Further, the company has considerable financial resources available from its ultimate parent and its directors believe that it is well placed to manage its business risks successfully, despite the current uncertain economic climate and its net current liabilities position. Argent Group PLC, a company incorporated in Great Britain, has provided a letter of financial support to Argent (King's Cross) Limited.

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 the going concern basis in preparing the company's annual report and financial statements.

10. Immediate and ultimate parent companies

The company is a wholly owned subsidiary of Argent King's Cross GP Limited, the immediate parent undertaking, which is incorporated in Great Britain and registered in England and Wales. The ultimate parent and controlling party of the company is the BT Pension Scheme.

The largest and smallest company in which the results of the company are consolidated is that headed by the BT Pension Scheme incorporated in Great Britain.

The consolidated financial statements of the BT Pension Scheme are available from Lloyds Chambers, 1 Portoken Street, London E1 8HZ.