

The Office (King's Cross) Limited

Report and Financial Statements

Year Ended

31 December 2013

Company Number 5199985

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The Office (King's Cross) Limited

Report and financial statements for the year ended 31 December 2013

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Directors

C Dorfman
C Green
O Olsen

Secretary and registered office

C Green, 22 Manchester Square, London, W1U 3PT

Company number

5199985

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

The Office (King's Cross) Limited

Report of the directors for the year ended 31 December 2013

The directors present their report and the financial statements of The Office (King's Cross) Limited for the year ended 31 December 2013.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend the payment of a dividend (2012 - £Nil).

Principal activity, review of business and future developments

The principal activity of the company is that of provider of flexible office space and related services.

The Office (King's Cross) Limited traded well throughout 2013, maintaining strong occupancy and license fee levels. The Directors believe that the company will continue to maintain good occupancy levels for the foreseeable future.

Directors

The directors of the company were:

C Dorfman
C Green
O Olsen

Directors' responsibilities

The directors are responsible for preparing 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 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

The Office (King's Cross) Limited

Report of the directors for the year ended 31 December 2013 (continued)

Statement as to disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditors

BDO LLP have expressed their willingness to continue in office.

This report has been prepared in accordance with the special provisions within Part 15 of the Companies Act 2006 applicable to companies entitled to the small companies exemption.

On behalf of the Board



C Green

Director

Date 20 June 2014

The Office (King's Cross) Limited

Independent auditor's report

TO THE MEMBERS OF THE OFFICE (KING'S CROSS) LIMITED

We have audited the financial statements of The Office (King's Cross) Limited for the year ended 31 December 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at 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 2013 and of its profit 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 matters 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.

The Office (King's Cross) Limited

Independent auditor's report (continued)

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 prepare the financial statements and the directors' report in accordance with the small companies' regime and to the exemption from the requirement to prepare a strategic report.



Alexander Tapp (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 20 JUNE 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Office (King's Cross) Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	2	788,724	781,246
Administrative expenses		(610,952)	(536,130)
Profit on ordinary activities before taxation	3	177,772	245,116
Taxation	5	(29,865)	(6,615)
Profit for the financial year	12	147,907	238,501

The profit for the year arises from the company's continuing operations.

The notes on pages 8 to 14 form part of these financial statements.

The Office (King's Cross) Limited

Statement of total recognised gains and losses for the year ended 31 December 2013

	Note	2013 £	2012 £
Profit for the financial year		147,907	238,501
Unrealised surplus/(deficit) on revaluation of investment properties	11	550,000	(845,000)
Total recognised gains and losses in the year		697,907	(606,499)

The notes on pages 8 to 14 form part of these financial statements.

The Office (King's Cross) Limited

Balance sheet at 31 December 2013

Company number 5199985	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	6		4,295,088		3,742,314
Current assets					
Debtors	7	3,959,981		2,706,089	
Cash at bank and in hand		361,688		302,256	
		<u>4,321,669</u>		<u>3,008,345</u>	
Creditors: amounts falling due within one year	8	(5,314,834)		(4,146,585)	
Net current liabilities			(993,165)		(1,138,240)
Total assets less current liabilities			<u>3,301,923</u>		<u>2,604,074</u>
Provisions for liabilities	9		(61,161)		(61,219)
Net assets			<u>3,240,762</u>		<u>2,542,855</u>
Capital and reserves					
Called up share capital	10		1,208,156		1,208,156
Revaluation reserve	11		1,164,858		614,858
Profit and loss account	12		867,748		719,841
Shareholder's funds	13		<u>3,240,762</u>		<u>2,542,855</u>

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 20 June 2014



C Green
Director

The notes on pages 8 to 14 form part of these financial statements.

The Office (King's Cross) Limited

Notes forming part of the financial statements for the year ended 31 December 2013

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention modified to include the revaluation of freehold properties and on the going concern basis.

Going concern

The ability of the company to continue as a going concern is dependent upon the continued support of the company's parent company and the facilities made available to the parent company by its bankers and one of its shareholders.

The directors of the company's indirect parent, Esselco Office Limited, have confirmed that Esselco Office Limited will provide sufficient support to allow the company to pay its debts as they fall due.

The parent company's bank facilities are based upon certain bank covenants, one of which relies upon a loan to property value ratio, being met. Based upon the valuations of the properties held by the company and its fellow subsidiary undertakings ("the group") at the balance sheet date, as prepared by the directors of those companies, this lending covenant has been met.

The directors recognise that the company balance sheet is in a net current liability position as at 31 December 2013, however, on the basis of current financial projections, facilities available and the continued support of the company's parent company, the directors are confident that the company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, they consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents licence fees in relation to the provision of office space and ancillary charges for additional services including telephone, IT and other support services. Turnover is recognised exclusive of VAT and is recognised on the accruals basis.

Tangible assets

Freehold investment property

In accordance with Statement of Standard Accounting Practice No.19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. If the deficit is considered permanent it is recognised within the profit and loss account. No depreciation is provided in respect of investment properties. This accounting policy is not in accordance with the requirements of the Companies Act 2006 but the directors consider that it results in the accounts giving a true and fair view as these properties are not held for consumption in the business operations but for investment. Properties in the course of construction are carried at historic cost and are not depreciated. Acquisitions and disposals of properties are recognised on completion during the accounting period.

Other tangible fixed assets

Tangible fixed assets other than investment properties are included at historic cost.

Depreciation is provided on all other tangible fixed assets, at the following annual rates in order to write each asset down to its estimated residual value evenly over its estimated useful life as follows:

Fixtures, fittings and equipment - 25% on cost

The Office (King's Cross) Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

1 Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is a binding agreement to sell the asset and the gain or loss expected to arise on sale has been recognised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Impairments

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost. All other impairment losses are recognised in the profit and loss account.

Cost of loan finance

The costs associated with raising loan finance are capitalised and offset against the related loan balance. These costs are amortised to the profit and loss account over the life of the loan.

2 Turnover and profit on ordinary activities before taxation

The company's turnover and profit on ordinary activities before taxation was made in the United Kingdom and all derived from the company's principal activity.

The Office (King's Cross) Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

3 Profit on ordinary activities before taxation

	2013 £	2012 £
This is arrived at after charging:		
Depreciation - owned assets	26,355	26,370
Auditors' remuneration	4,500	4,500
	<u> </u>	<u> </u>

4 Directors' emoluments

The company's directors are employed under contracts of service with one of the company's fellow subsidiaries. These costs are recharged to the company within the management charge of £179,488 (2012 - £154,034) which also includes recharged administration costs borne by the fellow subsidiary on behalf of the company. Consequently, it is not possible to identify separately the amount relating to directors' emoluments. Directors' emoluments are disclosed in the consolidated accounts of Esselco Office Limited.

5 Taxation

	2013 £	2012 £
<i>Current tax</i>		
UK corporation tax on profits in the period	29,923	-
Adjustment in respect of previous periods	-	6,000
	<u> </u>	<u> </u>
Total current tax	29,923	6,000
<i>Deferred taxation</i>		
Origination and reversal of timing differences	4,651	5,463
Effect of changed tax rates on opening position	(5,382)	(4,848)
Adjustments in respect of previous periods	673	-
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	29,865	6,615
	<u> </u>	<u> </u>

Unprovided deferred tax on revalued assets amounts to £244,900 (2012 - £141,724).

The Office (King's Cross) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

6 Tangible assets

	Freehold investment properties £	Fixtures, fittings and equipment £	Total £
<i>Cost or valuation</i>			
At 1 January 2013	3,700,000	259,553	3,959,553
Additions	-	29,835	29,835
Disposals	-	(1,540)	(1,540)
Increase in value	550,000	-	550,000
	<u>4,250,000</u>	<u>287,848</u>	<u>4,537,848</u>
At 31 December 2013	<u>4,250,000</u>	<u>287,848</u>	<u>4,537,848</u>
<i>Amortisation</i>			
At 1 January 2013	-	217,239	217,239
Charge for year	-	26,355	26,355
Disposals	-	(834)	(834)
	<u>-</u>	<u>242,760</u>	<u>242,760</u>
At 31 December 2013	<u>-</u>	<u>242,760</u>	<u>242,760</u>
<i>Net book value</i>			
At 31 December 2013	<u>4,250,000</u>	<u>45,088</u>	<u>4,295,088</u>
At 31 December 2012	<u>3,700,000</u>	<u>42,314</u>	<u>3,742,314</u>
<i>Cost or valuation</i>			
At 31 December 2013			
Carried at: -			
Historic cost	3,085,142	287,848	3,372,990
Valuation	1,164,858	-	1,164,858
	<u>4,250,000</u>	<u>287,848</u>	<u>4,537,848</u>

The investment property is used as security against a bank loan held by Esselco Office Limited, the company's parent undertaking.

The valuation of the investment property was carried out on 31 December 2013 by C Green, a director of the company and Chartered Surveyor, on an open market basis.

The historic cost of investment properties was £3,085,142 (2012 - £3,085,142).

In accordance with the requirements of Statement of Standard Accounting Practice number 19 ("SSAP 19"), but contrary to the requirements of the Companies Act 2006, investment properties are not depreciated. Instead they are re-valued annually, which the directors consider necessary in order for the financial statements to show a true and fair view.

The Office (King's Cross) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

7 Debtors

	2013 £	2012 £
Trade debtors	3,775	2,583
Amounts owed by group undertakings	3,918,858	2,670,015
Other debtors	1,548	-
Prepayments and accrued income	35,800	33,491
	<u>3,959,981</u>	<u>2,706,089</u>

8 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	9,039	9,016
Amounts owed to group undertakings	4,667,144	3,518,949
Other taxation and social security	341,350	377,596
Other creditors	172,715	139,229
Accruals and deferred income	94,663	101,795
Corporation tax creditor	29,923	-
	<u>5,314,834</u>	<u>4,146,585</u>

9 Provisions for liabilities

	2013 £	2012 £
<i>Deferred taxation</i>		
The provision for deferred tax is made up as follows:		
Accelerated capital allowances	58,481	57,999
Other timing differences	2,680	3,220
	<u>61,681</u>	<u>61,219</u>
Provision at 1 January	61,219	60,604
Prior year adjustment	673	-
Deferred tax charge to profit and loss account	4,651	5,463
Movement due to change in rate	(5,382)	(4,848)
Provision at 31 December	<u>61,161</u>	<u>61,219</u>

The Office (King's Cross) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

10 Share capital

	2013 Number	Authorised 2012 Number	2013 £	2012 £
'A' ordinary shares of £1 each	131,026	131,026	131,026	131,026
'B' ordinary shares of £1 each	438,650	438,650	438,650	438,650
Deferred shares of £1 each	638,480	638,480	638,480	638,480
	<u>1,208,156</u>	<u>1,208,156</u>	<u>1,208,156</u>	<u>1,208,156</u>
	2013 Number	Allotted, issued and fully paid 2012 Number	2013 £	2012 £
'A' ordinary shares of £1 each	131,026	131,026	131,026	131,026
'B' ordinary shares of £1 each	438,650	438,650	438,650	438,650
Deferred shares of £1 each	638,480	638,480	638,480	638,480
	<u>1,208,156</u>	<u>1,208,156</u>	<u>1,208,156</u>	<u>1,208,156</u>

The 'A' and 'B' ordinary shares rank pari passu except that the 'B' shares rank in priority on a winding up of the company.

The deferred shares were converted from preference shares on 18 June 2008 and carry no voting rights or rights to dividends.

11 Revaluation reserve

	2013 £	2012 £
At 1 January	614,858	1,459,858
Surplus/(deficit) on revaluation	550,000	(845,000)
	<u>1,164,858</u>	<u>614,858</u>
At 31 December	<u>1,164,858</u>	<u>614,858</u>

12 Profit and loss account

	2013 £	2012 £
At 1 January	719,841	481,340
Profit for the financial year	147,907	238,501
	<u>867,748</u>	<u>719,841</u>
At 31 December	<u>867,748</u>	<u>719,841</u>

The Office (King's Cross) Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

13 Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Profit for the financial year	147,907	238,501
Revaluation of investment properties	550,000	(845,000)
	<hr/>	<hr/>
Net addition/(deduction) to shareholder's funds	697,907	(606,499)
Opening shareholder's funds	2,542,855	3,149,354
	<hr/>	<hr/>
Closing shareholder's funds	3,240,762	2,542,855
	<hr/>	<hr/>

14 Contingent liability

All assets of The Office (King's Cross) Limited have been pledged as security for a group bank loan held by Esselco Office Limited. At 31 December 2013 the group bank loan was £39,940,000 (2012 - £23,350,000).

15 Related party transactions

The company is related to Esselco Services LLP by virtue of being under common control. During the year, Esselco Services LLP incurred expenses of £65 (2012 - £836) on behalf of the company and at the year-end, £771 (2012 - £836) was owed by the company.

The company has taken advantage of the exemption conferred by Financial Reporting Standard No. 8, not to disclose transactions with fellow group companies. Other than the transactions disclosed above and those with group companies, there were no related party transactions during the year.

16 Ultimate parent

The Office Group Holdings Limited owns 100% of the issued ordinary share capital of the company and is therefore its immediate parent company. Esselco Office Limited owns 100% of The Office Group Holdings Limited. Copies of the financial statements of Esselco Office Limited can be obtained from 22 Manchester Square, London, W1U 3PT.

The ultimate parent undertaking is Esselco Estates Limited. Copies of that undertaking's financial statements can be obtained from 22 Manchester Square, London, W1U 3PT.

Both the immediate parent company and ultimate parent undertaking are registered in England and Wales.

17 Control

The ultimate parent undertaking, Esselco Estates Limited, is controlled by its directors.