



Company Registration No. 06450780

**Argent King's Cross GP Limited**

**Directors' Report and Consolidated Financial Statements**

**Year ended 31 December 2016**

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## **Argent King's Cross GP Limited**

### **Report and consolidated financial statements 2016**

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## Argent King's Cross GP Limited

### Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2016 for Argent King's Cross GP Limited ("the Company"), a private company limited by shares and "the Group", consisting of the Company, Argent (King's Cross) Limited ("AKXL") and Argent King's Cross Nominee Limited.

The financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS 102) on the going concern basis, as detailed in note 11 to the financial statements.

#### Principal activities

The Company's principal activity is to act as the General Partner for the Argent King's Cross Limited Partnership (LP012725) and to provide funding to AKXL (Company Reg. No. 03965242). The directors do not anticipate any change to these activities going forward.

#### Dividends

No dividend was paid during the current or preceding year.

#### Directors and their interests

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 above held shares in the Company.

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.

#### Statement of disclosure to the auditor

The directors at the date of approval of this report confirm that:

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

#### Going concern

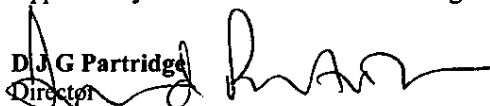
The directors have a reasonable expectation that the Company has adequate resources to continue to trade for the foreseeable future. Accordingly, as detailed in note 11 to the financial statements, the directors continue to adopt a going concern basis in preparing the annual report and financial statements.

#### Auditor

Deloitte LLP have 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.

Approved by the Board of Directors and signed on behalf of the Board

D J G Partridge  
Director



29 September 2017  
4 Stable Street, London NIC 4AB



## Argent King's Cross GP Limited

### Strategic report

The Company is the General Partner for Argent King's Cross Limited Partnership ("the Limited Partnership").

The Company has continued to act as the General Partner for the Limited Partnership, which has an indirect interest in King's Cross Central Limited Partnership ("KCCLP"). KCCLP's principal activity is the development of and investment in the King's Cross mixed use scheme between and to the north of St Pancras International and King's Cross Stations. The directors expect the Company to continue this activity for the foreseeable future.

There exists a management agreement between the Company and AKXL, under which the Company is entitled to certain fees arising in connection with AKXL's provision of development and asset management services to KCCLP, payable via the Limited Partner, per the Limited Partnership Agreement.

#### Results and distributions

The result for the year is shown on page 5; during the year, the Group made a profit after tax of £18,360 (2015: £649,978) and the Company made a loss after tax of £67,904 (2015: profit of £749,553).

The Group and Company profit in the prior year was due to the Company receiving an element of the consideration for the sale of the Limited Partnership's part disposal of its indirect investment in KCCLP. There has been no such disposal in the current year.

#### KPIs

The following KPIs are used by management to monitor the Group and Company:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Profit/(loss) after tax for the year	18,360	649,978	(67,904)	749,553
Net assets	181,567	163,207	101,711	169,615

#### 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 Group. The directors continue to monitor the economic market for fluctuations which drives the Group's decisions and policy.

#### Financial identification and management

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

#### Political and charitable contributions

The Group made no political contributions or charitable donations during the current or preceeding year.

Approved by the Board of Directors and signed on behalf of the Board

**D J G Partridge**

Director

29 September 2017



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## Argent King's Cross GP Limited

### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic Report and the consolidated 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 Group and Company and of the profit or loss of the Group and 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 Group and 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 Group and 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 Group and Company and to prevent and detect fraud and other irregularities.

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

We have audited the Group and Company financial statements of Argent King's Cross GP Limited for the year ended 31 December 2016 set out on pages 5 to 15. 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 Group'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 Group'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 Group and the Group'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 consolidated 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 Group and Company's affairs as at 31 December 2016 and of the Group's 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 Directors' Report and the Strategic Report and 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 Directors' report and the Strategic 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



## Argent King's Cross GP Limited

### Consolidated profit and loss account for the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover		30,271,570	19,976,148
Cost of sales		(30,230,614)	(20,086,721)
<b>Gross profit/(loss)</b>		<b>40,956</b>	<b>(110,573)</b>
Administrative expenses		(32,143)	(15,419)
Write off of historic WIP balance		-	(183,471)
<b>Operating profit/(loss)</b>	<b>3</b>	<b>8,813</b>	<b>(309,463)</b>
Other income		5,000	919,516
Interest receivable		14,889	35,545
<b>Profit on ordinary activities before taxation</b>		<b>28,702</b>	<b>645,598</b>
Tax on profit on ordinary activities	<b>4</b>	(10,342)	4,380
<b>Profit for the financial year</b>		<b>18,360</b>	<b>649,978</b>

All amounts derive from continuing operations.

The Group 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 set out on pages 11 to 15 form part of these financial statements.



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## Argent King's Cross GP Limited

### Consolidated balance sheet for the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Current assets</b>			
Debtors	6	28,627,113	23,592,906
Cash at bank		3,027,454	734,617
		<u>31,654,567</u>	<u>24,327,523</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(31,473,000)</u>	<u>(24,164,316)</u>
<b>Net assets</b>		<u>181,567</u>	<u>163,207</u>
<b>Capital and reserves</b>			
Called up share capital	8	1,000	1,000
Profit and loss account		<u>180,567</u>	<u>162,207</u>
<b>Shareholders' funds</b>		<u>181,567</u>	<u>163,207</u>

The notes set out on pages 11 to 15 form part of these financial statements.

These financial statements (Company Reg No. 06450780) were approved by the Board of Directors on 29 September 2017.

Signed on behalf of the Board of Directors

**D J G Partridge**  
Director





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## Argent King's Cross GP Limited

### Company balance sheet as at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investments	5	101	101
<b>Current assets</b>			
Debtors	6	1,970,174	2,053,742
<b>Creditors: amounts falling due within one year</b>	7	(1,868,564)	(1,884,228)
<b>Net current assets</b>		<u>101,610</u>	<u>169,514</u>
<b>Net assets</b>		<u>101,711</u>	<u>169,615</u>
<b>Capital and reserves</b>			
Called up share capital	8	1,000	1,000
Profit and loss account		<u>100,711</u>	<u>168,615</u>
<b>Shareholders' funds</b>		<u>101,711</u>	<u>169,615</u>

The notes set out on pages 11 to 15 form part of these financial statements.

These financial statements (Company Reg No. 06450780) were approved by the Board of Directors on 29 September 2017.

Signed on behalf of the Board of Directors

**D J G Partridge**  
Director



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## Argent King's Cross GP Limited

### Consolidated statement of changes in equity for the year ended 31 December 2016

	Called up share capital £	Profit and loss account £	Total £
<b>Balance at 1 January 2015</b>	1,000	(483,771)	(482,771)
<b>Year ended 31 December 2015:</b>			
Profit for the financial year	-	645,978	645,978
<b>Balance at 31 December 2015</b>	1,000	162,207	163,207
<b>Year ended 31 December 2016:</b>			
Profit for the financial year	-	18,360	18,360
<b>Balance at 31 December 2016</b>	1,000	180,567	181,567

The notes set out on pages 11 to 15 form part of these financial statements.

### Company statement of changes in equity for the year ended 31 December 2016

	Called up share capital £	Profit and loss account £	Total £
<b>Balance at 1 January 2015</b>	1,000	(580,938)	(579,938)
<b>Year ended 31 December 2015:</b>			
Profit for the financial year	-	749,553	749,553
<b>Balance at 31 December 2015</b>	1,000	168,615	169,615
<b>Year ended 31 December 2016:</b>			
Loss for the financial year	-	(67,904)	(67,904)
<b>Balance at 31 December 2016</b>	1,000	100,711	101,711

The notes set out on pages 11 to 15 form part of these financial statements.



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## Argent King's Cross GP Limited

### Consolidated cash flow statement for the year ended 31 December 2016

	Notes	2016 £	2015 £
<b>Cash flow from operating activities</b>			
Operating profit/(loss)		8,813	(309,463)
(Increase)/decrease in debtors	6	(5,290,015)	2,620,568
Increase/(decrease) in creditors	7	7,331,380	(22,135,422)
Decrease in work-in-progress		-	183,471
Taxation		227,770	231,451
<b>Net cash inflow/(outflow) from operating activities</b>		<b>2,277,948</b>	<b>(19,409,395)</b>
<b>Cash flow from financing activities</b>			
Interest received		14,889	35,545
<b>Net cash inflow from financing activities</b>		<b>14,889</b>	<b>35,545</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>2,292,837</b>	<b>(19,373,850)</b>
Opening cash at 1 January		734,617	20,108,467
<b>Closing cash at 31 December</b>		<b>3,027,454</b>	<b>734,617</b>

The notes set out on pages 11 to 15 form part of these financial statements.



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## Argent King's Cross GP Limited

### Company cash flow statement for the year ended 31 December 2016

	Notes	2016 £	2015 £
<b>Cash flow from operating activities</b>			
Operating loss		(67,879)	(188,716)
Decrease in debtors	6	83,568	-
Increase in creditors	7	9,653	5,245
Decrease in work-in-progress		-	183,471
Taxation		(25,317)	-
<b>Net cash inflow from operating activities</b>		25	-
<b>Cash flow from financing activities</b>			
Interest paid		(25)	-
<b>Net cash outflow from financing activities</b>		(25)	-
<b>Increase in cash and cash equivalents</b>		-	-
Opening cash at 1 January		-	-
<b>Closing cash at 31 December</b>		-	-

The notes set out on pages 11 to 15 form part of these financial statements.



## Argent King's Cross GP Limited

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

#### 1. Accounting policies

Argent King's Cross GP Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The registered office is 4 Stable Street, London, N1C 4AB. The nature of the Company's operations and its principal activities are set out on page 1.

##### Accounting convention

The consolidated financial statements are prepared in sterling, which is the functional currency of the Company and the presentational currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "FRS 102" and the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### Basis of consolidation

AKXL and Argent King's Cross Nominee Limited are controlled by the Company (see note 5). Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The accounts of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies have been consistently applied to the results, assets and liabilities of the Group and Company.

The Group has taken the exemption not to prepare a Company profit and loss. The Company made a loss after tax for the year of £67,904 (2015: profit after tax of £749,553).

##### 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.

##### Investments

The Company recognises its investments at cost less any accumulated impairment losses.

##### Debtors and creditors

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

Creditors are recognised at historic cost.

## Argent King's Cross GP Limited

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

#### Accounting policies (continued)

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

In the application of the Group'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 believe there to be any judgements that have a significant effect on the amounts recognised in the financial statements.

##### Turnover and cost of sales

Turnover and cost of sales consists of fees arising in connection with AKXL's provision of development and asset management services to KCCLP under the management agreement in place between the Company, the Limited Partnership and AKXL. This is recognised on an accruals basis.

##### Other income

Other income in the prior year relates to consideration receivable as part of the Argent King's Cross Limited Partnership's part disposal of its indirect investment in KCCLP. There has been no such disposal during the current year. The Company is entitled to a priority profit share from the Limited Partner of £5k per year.

##### Interest receivable

All interest receivable is recognised through the profit and loss.

#### 2. Directors and staff

None of the directors received any emoluments from the Group (2015: £nil). The Group did not employ any staff during the current or preceding year.

#### 3. Operating profit/(loss)

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Operating profit/(loss) is stated after charging:				
Auditor's remuneration – audit of the Company's accounts	-	-	4,300	5,245
Auditor's remuneration – audit of the Group's accounts	12,000	13,768	-	-

#### 4. Tax on profit on ordinary activities

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

	Group	
	2016	2015
	£	£
Current tax		
Prior year adjustment	7,721	(8,801)
Current year	2,621	4,421
<b>Tax charge/(credit) on profit on ordinary activities</b>	<b>10,342</b>	<b>(4,380)</b>

## Argent King's Cross GP Limited

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

#### 4. Tax on profit on ordinary activities (continued)

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

	Group 2016 £	2015 £
Profit on operating activities before tax	28,702	645,598
Tax on profit on ordinary activities multiplied by the standard rate of UK corporation tax of 20% (2015: 20.25%)	5,740	130,734
Expenses not deductible for tax purposes	340	-
Losses	(17,040)	(126,313)
Tax losses carried forward	13,581	-
Prior year adjustment	7,721	(8,801)
<b>Total tax charge/(credit)</b>	<b>10,342</b>	<b>(4,380)</b>

##### 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. There were no amounts of provided or unprovided deferred taxation as at 31 December 2016 or 31 December 2015.

#### 5. Investments

	Company 2016 £	2015 £
Argent King's Cross Nominee Limited	1	1
Argent (King's Cross) Limited	100	100
	<b>101</b>	<b>101</b>

The investment of £1 represents 100% share capital of Argent King's Cross Nominee Limited (Company Reg. No. 06450777), an intermediate holding company, registered in England and Wales. Registered address is 4 Stable Street, London, N1C 4AB.

The investment of £100 represents 100% of the share capital of Argent (King's Cross) Limited (Company Reg. No. 03965242), a company whose principal activity is that of asset and development management for King's Cross Central, registered in England and Wales. Registered address is 4 Stable Street, London, N1C 4AB.



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## Argent King's Cross GP Limited

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

#### 6. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	2,070,277	2,234,386	-	-
Amounts due from Argent (King's Cross) Limited	-	-	1,045,658	1,134,226
Amounts due from Argent King's Cross Limited Partnership	924,516	919,516	924,516	919,516
Corporation tax recoverable	-	260,808	-	-
VAT recoverable	508,119	2,502,301	-	-
Other debtors	13,707	13,708	-	-
Prepayments and accrued income	25,110,494	17,662,187	-	-
	<u>28,627,113</u>	<u>23,592,906</u>	<u>1,970,174</u>	<u>2,053,742</u>

Amounts due from Argent (King's Cross) Limited and Argent King's Cross Limited Partnership carry no interest and are repayable on demand.

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	30	2,123,799	30	-
Amounts due to Argent King's Cross Limited Partnership	24,102,281	17,495,314	1,858,786	1,848,963
Corporation tax payable	2,621	25,317	-	25,317
Other creditors	1,451	1,456	454	459
Accruals	7,366,617	4,518,430	9,294	9,489
	<u>31,473,000</u>	<u>24,164,316</u>	<u>1,868,564</u>	<u>1,884,228</u>

#### 8. Called up share capital

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
<b>Issued and allotted</b>				
700 'A' shares of £1 each	700	700	700	700
100 'B' shares of £1 each	100	100	100	100
200 'C' shares of £1 each	200	200	200	200
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

All shares rank pari passu. Holders of 'A' shares have the right to appoint one director. Holders of 'B' and 'C' shares are entitled to be appointed as directors.





## Argent King's Cross GP Limited

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

#### 9. Related parties

AKXL is a wholly owned subsidiary of the Company and they have all directors in common. The Company also has directors in common with King's Cross Central General Partner Limited ("KCCGP"), being D J Partridge, R M Evans and P G Freeman. The chairman of the Company's board is ultimately empowered to determine decisions of the board in the event that unanimity is not achieved. In addition, certain of the company's directors, RM Evans, MI Freeman, PG Freeman, A Gibbs and DJG Partridge, are also indirect partners in the Limited Partnership, which is a unitholder in King's Cross Central Property Trust, the sole limited partner of KCCLP. BT Pension Scheme is the ultimate majority investor in the Company and the Limited Partnership.

During the year, management fees, performance fees and milestone payments of £30,256,078 (2015: £19,369,564) accrued from KCCLP to AKXL under the Asset Management Agreement. This figure is included within the Group's turnover figure. Of this amount, a balance of £26,771,806 was outstanding at 31 December 2016 (2015: £19,792,085) in respect of those fees, included within the Group's Prepayments and accrued income balance per note 6. During the year, Argent (Property Development) Services LLP ("ASLLP") charged fees to AKXL of £23,127,478 (2015: £20,086,721) under the Services Agreement that exists between these two entities. This figure is included in the Group's cost of sales figure. At the year-end, ASLLP is owed £6,670,787 (2015: £6,148,633) in respect of these fees, included in the Group's Accruals balance per note 7.

The Company owed the Limited Partnership £1,858,786 at 31 December 2016 (2015: £1,848,963), in relation to historic funding received from Argent Group Limited. This balance is disclosed within creditors, see note 7, and it is anticipated this balance will be cleared in the next accounting period. At the year-end, the Group owed the Limited Partnership a further £22,243,495 (2015: £15,646,351) in accordance with the management agreement (see Strategic Report for further details). Both these amounts are disclosed in note 7. At 31 December 2016, the Company was owed £924,516 (2015: £919,516) from the Limited Partnership in relation to a distribution receivable from the Limited Partnership.

Michael Freeman, a director of the Company and AKXL, and an indirect limited partner in AKXLP, and David Partridge, a director of the Company, AKXL, KCCGP, and an 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.

#### 10. Ultimate controlling party

The Britel Fund Nominees Limited is the immediate parent undertaking of the Company, which is registered in England and Wales. The Company's ultimate majority owner is the BT Pension Scheme, registered address: Lloyds Chambers, 1 Portsoken Street, London, E1 8HZ.

#### 11. Going concern

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



**Registration No. LP12725**

**Argent King's Cross Limited Partnership**

**Members' Report and Financial Statements**

**Year ended 31 December 2016**

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## Argent King's Cross Limited Partnership

### Members' report

Argent King's Cross Limited Partnership ("the Partnership") is a Limited Partnership established on 23 January 2008 and registered in England and Wales under the Limited Partnership Act 1907.

The General Partner, Argent King's Cross GP Limited, presents the annual report and the audited financial statements of the Partnership for the year ended 31 December 2016. The financial statements have been prepared on the going concern basis, as detailed in note 12 to the financial statements.

As permitted by section 414C (11) of the Companies Act 2006, the General Partner has commented in detail in the Strategic Report on the following matters that form part of this report by cross reference:

- Financial risk management objectives and policies
- Future developments

#### Principal activity and objectives

The principal activity of the Partnership is to invest and provide funding to the King's Cross Central Limited Partnership ("KCCLP").

The objective of the Partnership is to maximise its return in KCCLP through long-term holding of the investment.

#### Business review

The Partnership has continued to invest in KCCLP for the ongoing development at King's Cross, London.

#### Statement of disclosure to the auditor

The General Partner at the date of approval of this report confirms that:

- so far it is aware, there is no relevant audit information of which the Partnership's auditor is unaware; and
- as a General Partner it has taken all steps that ought to have been taken in order to make it aware of any relevant audit information, and has established that the Partnership'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

#### Going concern

The General Partner has a reasonable expectation that the Partnership has adequate resources to continue to trade for the foreseeable future. Accordingly, as detailed in note 11 to the financial statements, the General Partner continues to adopt a going concern basis in preparing the financial statements.

#### Auditor

Deloitte LLP resigned as auditor on 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 members

D J G Partridge

For and on behalf of the General Partner,  
Argent King's Cross GP Limited  
29 September 2017



## Argent King's Cross Limited Partnership

### Strategic report

The Partnership holds an indirect investment in KCCLP.

The Partnership has continued to hold its indirect investment in KCCLP, whose principal activity is the development of and investment in the King's Cross mixed use scheme between and to the north of St Pancras International and King's Cross Stations. The General Partner expects the Partnership to continue this activity for the foreseeable future.

#### Results and distributions

The result for the year is shown on page 5; during the year, the Partnership made a profit of £7,791,811 (2015: £109,958,057). Profits were distributed as per the Partnership Agreement. The decrease in the profit figure was due to the in part disposal of the Partnership's indirect investment in KCCLP in the prior year. There has been no such disposal in the current year (however small amounts of monies were received in relation to this in the current year).

#### KPIs

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

	2016 £	2015 £
Turnover	6,522,603	-
Profit on part disposal of investment	46,877	117,751,957
Net assets attributable to members	127,964,911	120,940,099
Net profit for the year	7,791,811	109,958,057

#### Financial risk management

The General Partner has 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 Partnership. The General Partner continues to monitor the economic market for fluctuations which drive the Partnership's decisions and policy.

#### Risk identification and management

The General Partner considers the principal risks relating to the Partnership's activities are: planning and political; construction; letting; and financial. The Partnership's risk profile is renewed regularly by the General Partner and, where appropriate, action is taken to mitigate such risks.

#### Political and charitable contributions

The Partnership made no political contributions or charitable donations during the year (2015: £nil).

On behalf of the Board of Argent King's Cross GP Limited

**D J G Partridge**

For and on behalf of the General Partner,  
Argent King's Cross GP Limited  
29 September 2017



## Argent King's Cross Limited Partnership

### Statement of members' responsibilities in respect of the Strategic report, the Members' Report and the financial statements

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

The Partnerships (Accounts) Regulations 2008 require the members to prepare partnership financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the members have elected to prepare the partnership 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 members 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 partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

The members have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the partnership's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditor's report to the members of Argents King's Cross Limited Partnership**

We have audited the financial statements of Argents King's Cross Limited Partnership 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 qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership'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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditor**

As explained more fully in the Members' Responsibilities Statement set out on page 3, the members 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 qualifying partnership's affairs as at 31 December 2016 and of its loss 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 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

### **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 as applied to qualifying partnerships 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 members' 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

29/9/2017

## Argent King's Cross Limited Partnership

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

	Notes	2016 £	2015 £
Turnover	1	6,522,603	-
Cost of sales		-	-
<b>Gross profit</b>		<b>6,522,603</b>	<b>-</b>
Administrative expenses		(45,772)	(159,536)
<b>Operating profit/(loss)</b>	3	<b>6,476,831</b>	<b>(159,536)</b>
Profit on part disposal of investment	4	46,877	117,751,957
Release of capital contribution		-	(13,476,476)
Unwind of interest on advances	6	1,269,498	5,842,365
Interest payable and similar charges		(1,395)	(253)
<b>Profit for the financial year</b>		<b>7,791,811</b>	<b>109,958,057</b>

All amounts derive from continuing operations.

The Partnership has no recognised gains or losses other than the 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 Partnership

### Balance sheet as at 31 December 2016

	Notes	2016 £	2015 £
<b>Non-current assets</b>			
Investment in associate	5	83,507,986	83,507,986
Debtors due after one year	6	19,554,893	18,285,395
		<u>103,062,879</u>	<u>101,793,381</u>
<b>Current assets</b>			
Debtors	7	24,103,281	17,799,177
Cash at bank		804,286	1,358,429
		<u>24,907,567</u>	<u>19,157,606</u>
<b>Creditors: amounts falling due within one year</b>	8	(5,535)	(10,888)
<b>Net current assets</b>		<u>24,902,032</u>	<u>19,146,718</u>
<b>Net assets attributable to Partners</b>		<u>127,964,911</u>	<u>120,940,099</u>
<b>Partners' interests</b>			
Limited Partners' net funds:			
Capital accounts		9,000	9,000
Loan accounts		<u>127,955,911</u>	<u>120,931,099</u>
<b>Partnership funds</b>		<u>127,964,911</u>	<u>120,940,099</u>

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

The financial statements of Argent King's Cross Limited Partnership (Limited Partnership number LP12725) were approved by the General Partner on **29** September 2017.

Signed on behalf of the Board of Argent King's Cross GP Limited

**D J G Partridge**  
for and on behalf of the General Partner,  
Argent King's Cross GP Limited

## Argent King's Cross Limited Partnership

### Statement of net assets attributable to the Partners for the year ended 31 December 2016

	Notes	Capital accounts £	Loan accounts £	Total £
<b>Balance at 1 January 2015</b>		9,000	183,413,469	183,422,469
<b>Year ended 31 December 2015:</b>				
Total comprehensive income for the year		-	109,958,057	109,958,057
Repaid during the year		-	(172,440,427)	(172,440,427)
<b>Balance at 31 December 2015</b>		9,000	120,931,099	120,940,099
<b>Year ended 31 December 2016:</b>				
Total comprehensive income for the year		-	7,791,811	7,791,811
Repaid during the year	9	-	(766,999)	(766,999)
<b>Balance at 31 December 2016</b>		9,000	127,955,911	127,964,911

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



## Argent King's Cross Limited Partnership

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

	Notes	2016 £	2015 £
<b>Cash flow from operating activities</b>			
Operating profit/(loss)		6,476,831	(159,536)
(Increase)/decrease in debtors	7	(6,592,964)	10,785,072
(Decrease)/increase in creditors	8	(5,353)	4,523
<b>Net cash (outflow)/inflow from operating activities</b>		(121,484)	10,630,059
<b>Cash flow from investing activities</b>			
Proceeds from part disposal of investment	4	335,735	149,362,900
Repayment of advances	6	-	13,806,145
<b>Net cash inflow from investing activities</b>		335,735	163,169,045
<b>Cash flow from financing activities</b>			
Interest paid		(1,395)	(253)
Repayment of Partner Advances	9	(766,999)	(172,440,427)
<b>Net cash outflow from financing activities</b>		(768,394)	(172,440,680)
<b>(Decrease)/increase in cash and cash equivalents</b>		(554,143)	1,358,424
Opening cash		1,358,429	5
<b>Closing cash at 31 December</b>		<u>804,286</u>	<u>1,358,429</u>

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



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## Argent King's Cross Limited Partnership

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

#### 1. Accounting policies

##### Limited Partnership information

Argent King's Cross Limited Partnership is a Limited Partnership domiciled and registered in England and Wales. The registered office is 4 Stable Street, London, N1C 4AB.

##### Accounting convention

These financial statements for the year ended 31 December 2016 are prepared as required by the Partnership Agreement and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### Investment in associate

The investment in associate represents a 32.3% (2015: 32.3%) share of the units in King's Cross Central Property Trust ("KCCPT") and the associated 32.3% (2015: 32.3%) investment in King's Cross Central General Partner Limited ("KCCGP"). This has been recognised at cost less provision for impairment.

##### Debtors due in more than one year

Debtors due in more than one year relate to advances made to KCCLP, which carry zero interest and are due for repayment in December 2020. These advances are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortised cost using the effective interest method.

##### Debtors and creditors

Debtors are initially held at historic cost and subsequently at cost less any provisions. Provisions for debtors are made where it is established that there is objective evidence that the Partnership 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.

##### Taxation

No provision is made in the financial statements for the liabilities of members for income or capital gains taxes since such liabilities are the responsibility of the individual Partners.

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

In the application of the Partnership's accounting policies, the General Partner is 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 General Partner considers the only judgements that have a significant effect on the amounts recognised in the financial statements are the advances made to, and the investment in, KCCLP. The advances stated in the financial statements have been discounted at an assumed market rate of 7%, with the difference between the actual amount and discounted amount being added to the cost of the investment in associate.



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## Argent King's Cross Limited Partnership

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

#### Turnover

Turnover consists of excess performance fees payable from AKXL, after a 0.25% fee is retained by the General Partner, per the management agreement, recognised on an accruals basis.

#### 2. Members and staff

None of the members during the year received any remuneration or other emoluments in respect of their services to the Partnership (2015: £nil), with the exception of their share of Partnership profits (as disclosed in note 8). The Partnership did not employ any staff during the year or preceding year.

#### 3. Operating profit/(loss)

	2016 £	2015 £
Operating profit/(loss) is stated after charging:		
Auditor's remuneration – audit of the Partnership's accounts	6,800	10,523
Non-audit services*	-	128,500
	<u>6,800</u>	<u>128,500</u>

\*tax advice in relation to the part disposal of the units in 2015.

#### 4. Profit from part disposal of investment

	2016 £	2015 £
Proceeds	46,877	151,431,635
Cost of units sold	-	(31,610,943)
Other costs	-	(2,068,735)
	<u>46,877</u>	<u>117,751,957</u>
Profit on part disposal of investment	<u>46,877</u>	<u>117,751,957</u>

The Partnership sold some of its units held in KCCPT during 2015, which reduced its share of units held from 49.7% to 32.3%. The proceeds in the current year relate to the release of monies from the solicitors in relation to the sale of the units which took place in the prior year.

#### 5. Investment in associate

	King's Cross investment £
As at 31 December 2015 and 2016	<u>83,507,986</u>

The Partnership's % share of the units held as a % of the total Net Assets in KCCPT exceeds the cost of the investment, therefore, the General Partner considers no impairment of the investment is required.

Entity name	Country of incorporation	Proportion of units held
King's Cross Central Property Trust	Jersey	32.3%

## Argent King's Cross Limited Partnership

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

#### 6. Debtors due in more than one year

	2016 £	2015 £
<b>Advances:</b>		
Opening at 1 January	18,285,395	26,249,175
Unwind of interest	1,269,498	5,842,365
Repayment of advances	-	(13,806,145)
	<u>19,554,893</u>	<u>18,285,395</u>

Under FRS 102, the advances are held at amortised cost, in accordance with the applicable financial reporting requirements, using an assumed interest rate of 7%. Each year until maturity, the advances will be increased so at their maturity in December 2020, the value held in the balance sheet will have accreted to their face value amount receivable of £25,568,855.

Should the advances be redeemed prior to December 2020, the amount receivable will be £25,568,855 irrespective of the date of repayment.

#### 7. Debtors: amounts due in less than one year

	2016 £	2015 £
Due from Argent King's Cross GP Limited	1,858,786	1,848,963
Due from Argent (King's Cross) Limited	22,243,495	15,646,351
Other debtors	1,000	303,863
	<u>24,103,281</u>	<u>17,799,177</u>

Amounts due from Argent King's Cross GP Limited and Argent (King's Cross) Limited are repayable on demand and carry no interest.

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

	2016 £	2015 £
Accruals	5,535	10,888
	<u>5,535</u>	<u>10,888</u>



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## Argent King's Cross Limited Partnership

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

#### 9. Loans and other amounts due to partners

	2016 Total £
<b>Capital accounts</b>	
At 1 January and 31 December 2016	9,000
<b>Loan accounts</b>	
At 1 January 2016	120,931,099
Transfer from current accounts	7,791,811
Distributions during the year	(766,999)
<b>At 31 December 2016</b>	<b>127,955,912</b>
<b>Current accounts</b>	
At 1 January 2015	-
Net result for the year	7,791,811
Transfer to loan accounts	(7,791,811)
<b>At 31 December 2016</b>	<b>-</b>
<b>Total as at 31 December 2016</b>	<b>127,955,912</b>

#### 10. Related parties

The Partnership has a 32.3% indirect interest (2015: 32.3%) in KCCLP.

At 31 December 2016, the Partnership is owed £1,858,786 (2015: £1,848,963) from the General Partner, in relation to historic funding received from Argent Group Limited. This balance is included within debtors – see note 7 – and it is anticipated this balance will be cleared in the next accounting period.

During the year, the Partnership earned fees of £6,522,603 (2015: £nil) in accordance with the limited partnership agreement and in connection with the management agreement between the General Partner and AKXL. This is disclosed on the face of the profit and loss account. At 31 December 2016, the Partnership is owed £22,243,495 (2015: £15,646,351) from AKXL, via the General Partner, as disclosed within debtors – see note 7.

Michael Freeman, an indirect limited partner in the Partnership, and a director of AKXL and the General Partner, and David Partridge, an indirect limited partner in the Partnership, and a director of AKXL, KCCGP and the General Partner, 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.

#### 11. Ultimate controlling party

The General Partner of Argent King's Cross Limited Partnership is AKXGP and its Limited Partners are Argent Nominee 1 Limited and Britel Fund Trustees Limited. The Partnership is majority owned by the BT Pension Scheme, registered address: Lloyds Chambers, 1 Portsoken Street, London, E1 8HZ.

#### 12. Going concern

The General Partner has a reasonable expectation that the Partnership has adequate resources to continue to trade for the foreseeable future. Accordingly, the General Partner continues to adopt a going concern basis in preparing the financial statements.