



**ARGENT**

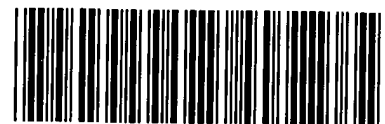
**Company Registration No. 06450780**

**Argent King's Cross GP Limited**

**Directors' Report and Consolidated Financial Statements**

**Year ended 31 December 2018**

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

### **Report and consolidated financial statements 2018**

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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 2018 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:

E C Bird	<i>(appointed 11 February 2019)</i>
C R A Darroch	
*R M Evans	
*M I Freeman	
*P G Freeman	
*A Gibbs	
N E V Jenkins	<i>(resigned 4 May 2018)</i>
*D J G Partridge	
J H E Thompson	
J G M Wates	
K A Wilman	<i>(appointed 6 June 2018, resigned 11 February 2019)</i>

As at 31 December 2018, 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.

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

#### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue to trade for the foreseeable future. Accordingly, 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.

#### Political and charitable contributions

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

#### Auditor

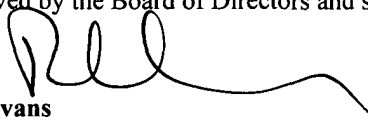
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



## Argent King's Cross GP Limited

### Directors' report (continued)

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

  
**R M Evans**  
Director

22 July 2019  
4 Stable Street, London N1C 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.

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

### Results and distributions

The result for the year is shown on page 7; during the year, the Group made a profit after tax of £107,497 (2017: £17,134) and the Company made a profit after tax of £56,347 (2017: £14,504).

### Key Performance Indicators ("KPIs")

The following KPIs are used by management to monitor Company:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Profit after tax for the year	107,497	17,134	56,347	14,504
Net assets	306,198	198,701	172,562	116,215

### 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.

### Risk 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.

At the date of signing the Strategic Report the UK Parliament had yet to ratify an exit strategy for leaving the European Union ('EU') and the UK's departure from the EU has been delayed to the 31 October 2019. The directors continue to monitor developments in the UK Parliament and the uncertainty surrounding Brexit has been incorporated into the directors' assessment of the specific risks highlighted above.

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



**R M Evans**  
Director

22 July 2019

## Argent King's Cross GP Limited

### **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

## **Opinion**

We have audited the financial statements of Argent King's Cross GP Limited ("the company") for the year ended 31 December 2018 which comprise the Consolidated profit and loss account, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated cash flow statement, the Company cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as debtor's recoverability and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's / parent company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's / parent company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the parent company or to cease its operations, and as they have concluded that the group and the parent company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the group's / parent company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the parent company will continue in operation.

## **Strategic report and directors' report**

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

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Bill Holland (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

15 Canada Square  
E14 5GL

23 July 2019



## Argent King's Cross GP Limited

### Consolidated profit and loss account for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover		57,464,750	20,816,110
Cost of sales		(57,351,271)	(20,791,315)
<b>Gross profit</b>		<b>113,479</b>	<b>24,795</b>
Administrative expenses		(21,549)	(29,315)
Other income		5,000	5,000
<b>Operating profit</b>	3	<b>96,930</b>	<b>480</b>
Interest receivable		36,031	12,203
<b>Profit on ordinary activities before taxation</b>		<b>132,961</b>	<b>12,683</b>
Tax (charge)/credit on profit on ordinary activities	4	(25,464)	4,451
<b>Profit for the financial year</b>		<b>107,497</b>	<b>17,134</b>

The notes set out on pages 13 to 18 form part of these financial statements.

All amounts derive from continuing operations.

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

## Argent King's Cross GP Limited

### Consolidated balance sheet for the year ended 31 December 2018

	Note	2018 £	2017 £
<b>Current assets</b>			
Debtors	6	14,651,660	21,007,121
Cash at bank		5,153,736	13,896,167
		<u>19,805,396</u>	<u>34,903,288</u>
<b>Creditors: amounts falling due within one year</b>	7	(19,499,198)	(34,704,587)
<b>Net assets</b>		<u>306,198</u>	<u>198,701</u>
<b>Capital and reserves</b>			
Called up share capital	8	1,000	1,000
Profit and loss account		305,198	197,701
<b>Shareholders' funds</b>		<u>306,198</u>	<u>198,701</u>

The notes set out on pages 13 to 18 form part of these financial statements.

These financial statements (Company Reg No. 06450780) were approved by the Board of Directors on 22 July 2019.

Signed on behalf of the Board of Directors



**R M Evans**  
Director



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## Argent King's Cross GP Limited

### Company balance sheet as at 31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Investments	5	101	101
<b>Current assets</b>			
Debtors	6	934,516	1,977,611
<b>Creditors: amounts falling due within one year</b>	7	<u>(762,055)</u>	<u>(1,861,497)</u>
<b>Net current assets</b>		<u>172,562</u>	<u>116,114</u>
<b>Net assets</b>		<u>172,562</u>	<u>116,215</u>
<b>Capital and reserves</b>			
Called up share capital	8	1,000	1,000
Profit and loss account		<u>171,562</u>	<u>115,215</u>
<b>Shareholders' funds</b>		<u>172,562</u>	<u>116,215</u>

The notes set out on pages 13 to 18 form part of these financial statements.

These financial statements (Company Reg No. 06450780) were approved by the Board of Directors on 22 July 2019.

Signed on behalf of the Board of Directors

**R M Evans**  
Director



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## Argent King's Cross GP Limited

### Consolidated statement of changes in equity for the year ended 31 December 2018

	Called up share capital £	Profit and loss account £	Total £
<b>Balance at 1 January 2017</b>	1,000	180,567	181,567
<b>Year ended 31 December 2017:</b>			
Profit for the financial year	-	17,134	17,134
<b>Balance at 31 December 2017</b>	1,000	197,701	198,701
<b>Year ended 31 December 2018:</b>			
Profit for the financial year	-	107,497	107,497
<b>Balance at 31 December 2018</b>	1,000	305,198	306,198

The notes set out on pages 13 to 18 form part of these financial statements.

### Company statement of changes in equity for the year ended 31 December 2018

	Called up share capital £	Profit and loss account £	Total £
<b>Balance at 1 January 2017</b>	1,000	100,711	101,711
<b>Year ended 31 December 2017:</b>			
Profit for the financial year	-	14,504	14,504
<b>Balance at 31 December 2017</b>	1,000	115,215	116,215
<b>Year ended 31 December 2018:</b>			
Profit for the financial year	-	56,347	56,347
<b>Balance at 31 December 2018</b>	1,000	171,562	172,562

The notes set out on pages 13 to 18 form part of these financial statements.

## Argent King's Cross GP Limited

### Consolidated cash flow statement for the year ended 31 December 2018

	Notes	2018 £	2017 £
<b>Cash flow from operating activities</b>			
Operating profit		96,930	480
Decrease in debtors	6	6,353,630	7,621,822
(Decrease)/increase in creditors	7	(15,228,842)	3,234,208
Taxation		(180)	-
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(8,778,462)</b>	<b>10,856,510</b>
<b>Cash flow from financing activities</b>			
Interest received		36,031	12,203
<b>Net cash inflow from financing activities</b>		<b>36,031</b>	<b>12,203</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(8,742,431)</b>	<b>10,868,713</b>
Opening cash at 1 January		13,896,167	3,027,454
<b>Closing cash at 31 December</b>		<b>5,153,736</b>	<b>13,896,167</b>

The notes set out on pages 13 to 18 form part of these financial statements.

## Argent King's Cross GP Limited

### Company cash flow statement for the year ended 31 December 2018

	Notes	2018 £	2017 £
<b>Cash flow from operating activities</b>			
Operating profit		69,990	12,468
Decrease/(increase) in debtors	6	1,041,084	(5,426)
Decrease in creditors	7	(1,111,074)	(7,067)
<b>Net cash outflow from operating activities</b>		-	(25)
<b>Cash flow from financing activities</b>			
Interest received		-	25
<b>Net cash inflow from financing activities</b>		-	25
<b>Decrease in cash and cash equivalents</b>		-	-
Opening cash at 1 January		-	-
<b>Closing cash at 31 December</b>		-	-

The notes set out on pages 13 to 18 form part of these financial statements.

## Argent King's Cross GP Limited

### Notes to the financial statements for the year ended 31 December 2018

#### 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 basis. 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 profit after tax for the year of £56,347 (2017: £14,504).

##### 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.

##### Financial instruments

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

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

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

##### Basic financial assets

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

## Argent King's Cross GP Limited

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 1 Accounting policies (continued)

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

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

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

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

##### **Derecognition of financial liabilities**

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

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

In the application of the 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**

The Company is entitled to a priority profit share from the Limited Partner of £5,000 per year.

##### **Interest receivable**

All interest receivable is recognised through the profit and loss account.



## Argent King's Cross GP Limited

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 2. Directors and staff

None of the directors received any emoluments from the Company (2017: £nil). The Company did not employ any staff during the current or preceding year.

#### 3. Operating profit

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating profit is stated after charging:				
Auditor's remuneration – audit of the Company's accounts	-	-	12,945	10,500
Auditor's remuneration – audit of the Group's accounts	22,357	17,300	-	-
	<u>22,357</u>	<u>17,300</u>	<u>-</u>	<u>-</u>

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

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Current year	24,987	2,590
Prior year adjustment	477	(7,041)
	<u>25,464</u>	<u>(4,451)</u>
<b>Tax charge on profit on ordinary activities</b>	<u>25,464</u>	<u>(4,451)</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Profit on operating activities before tax	<u>132,961</u>	<u>12,683</u>
Tax on profit on ordinary activities multiplied by the standard rate of UK corporation tax of 19% (2017: 19.25%)	25,262	2,442
Expenses not deductible for tax purposes	-	148
Prior year adjustment	477	(7,041)
Changes to tax rates	(275)	-
	<u>25,464</u>	<u>(4,451)</u>
<b>Total tax charge/(credit)</b>	<u>25,464</u>	<u>(4,451)</u>

#### Factors that may affect future tax charges

The UK corporation tax rate reduced from 20% to 19% on 1 April 2017. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce any current tax charges in future periods accordingly. There are no other factors that may significantly affect future tax charges. There were no amounts of provided or unprovided deferred taxation as at 31 December 2018 or 31 December 2017.

## Argent King's Cross GP Limited

### Notes to the financial statements (continued) for the year ended 31 December 2018

#### 5. Investments

	Company	
	2018	2017
	£	£
Argent King's Cross Nominee Limited	1	1
Argent (King's Cross) Limited	100	100
	<u>101</u>	<u>101</u>

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 KCCLP, registered in England and Wales. Registered address is 4 Stable Street, London, N1C 4AB.

#### 6. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	2,813,397	762,105	-	-
Amounts due from Argent (King's Cross) Limited	-	-	-	1,046,084
Profit share due from Argent King's Cross Limited Partnership	934,516	929,516	934,516	929,516
Corporation tax recoverable	-	1,830	-	2,011
Other debtors	13,708	13,708	-	-
Prepayments and accrued income	10,890,039	19,299,962	-	-
	<u>14,651,660</u>	<u>21,007,121</u>	<u>934,516</u>	<u>1,977,611</u>

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

## Argent King's Cross GP Limited

### Notes to the financial statements (continued) for the year ended 31 December 2018

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	-	365,467	-	-
Amounts due to Argent King's Cross Limited Partnership	14,752,834	31,319,337	730,931	1,846,180
Corporation tax payable	23,452	-	11,632	-
VAT payable	470,369	477,243	-	-
Other creditors	2,559	1,828	2,559	829
Accruals	4,249,984	2,540,712	16,933	14,488
	<u>19,499,198</u>	<u>34,704,587</u>	<u>762,055</u>	<u>1,861,497</u>

#### 8. Called up share capital

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
<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
124 'C' shares of £1 each	124	124	124	124
76 'D' shares of £1 each	76	76	76	76
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Holders of 'A' shares have the right to appoint one director. Holders of 'B' and 'C' shares are entitled to be appointed as directors. Holders of 'D' shares do not have the right to be appointed as directors.

#### 9. Related party transactions

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, R M Evans, M I Freeman, P G Freeman, A Gibbs and D J G 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 £56,189,633 (2017: £19,817,126) accrued from KCCLP to AKXL under the Asset Management Agreement. This figure is included within the Group's turnover figure. A balance of £12,772,618 was outstanding at 31 December 2018 (2017: £15,419,367) in respect of fees, included within the Group's trade debtors and accrued income balance (note 6).

Interest accrued on the performance fee payable from KCCLP totalling £2,904,531 (2017: £4,480,499) during the year ended 31 December 2018. Of this amount, £2,070,423 (2017: £4,480,499) was outstanding at the year end. This balance is disclosed in the Group trade debtors and accrued income figure (note 6).

During the year, Argent (Property Development) Services LLP ("ASLLP") charged fees to AKXL of £16,703,065 (2017: £12,586,320) 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 £3,793,843 (2017: £2,066,241) in respect of these fees, included in the Group's trade creditors and accruals balance (note 7).

## Argent King's Cross GP Limited

### Notes to the financial statements (continued) for the year ended 31 December 2018

During the year, the Limited Partnership charged fees of £36,684,052 (2017: £7,223,979) to AKXL in accordance with the management agreement (see Strategic Report for further details). This balance is included in cost of sales in the profit and loss account. At the year-end, the Group owed £14,021,903 (2017: £29,473,157) in relation to these fees. This balance is disclosed in the Group's trade creditors and accruals balance (note 7).

Interest accrued on the performance fee payable to the Limited Partnership totalling £2,897,270 (2017: £4,469,298) during the year. Of this amount, £2,065,247 (2017: £4,469,298) was outstanding at the year end. These amounts are included in the Group's trade creditors and accruals balance (note 7).

The Company owed the Limited Partnership £730,931 at 31 December 2018 (2017: £1,846,180), in relation to historic funding received from Argent Group Limited. This balance is disclosed within creditors (note 7). At 31 December 2018, the Company was owed £934,516 (2017: £929,516) from the Limited Partnership in relation to a distribution receivable from the Limited Partnership (see note 6).

During the year, the Group directly invoiced King's Cross Estate Services ("KCES") and KC Green Limited Partnership ("KC Green"), both of which are 100% subsidiaries of KCCLP.

The Group billed KCES £1,193,181 (2017: £981,086) in relation to estate and building management fees. At the year-end, the Group was owed £16,863 (2017: £9,744) in relation to these fees. This balance is disclosed in the Group trade debtors and accrued income balance (note 6).

The Group billed KC Green £715,897 (2017: £nil) in relation to Development Management fees. At the year-end, the Group was owed £744,730 (2017: £nil) in relation to these fees. This balance is disclosed in the Group trade debtors and accrued income (note 6).

D J Partridge, a director of the Company and of KCCGP throughout the year, sold his interest in his apartment in the Tapestry building on 28 February 2019.

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

#### 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.