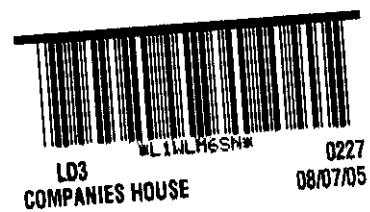


Argent (King's Cross) Limited
(formerly Argent St George Limited)
**Directors' report and financial
statements**
Registered number 3965242
31 December 2004



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors to the members of Argent (King's Cross) Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The principal activity of the company is property development. The company changed its name on 22 November 2004.

Business review, results and dividends

The company has an agreement with, inter alia, London & Continental Railways Limited and Exel Holdings Limited to act as developer of Kings Cross Central, London, N1. In May 2004 a series of planning applications were submitted to Camden Council, whose planning committee is yet to consider them. It is hoped that a decision will be reached during the course of 2005.

In November 2004, St George plc sold its convertible non-voting shares to Argent and withdrew from the venture. In December 2004 the company's accumulated costs were transferred to the Argent Projects Partnership.

The company made a post-tax profit of £nil (2003: £94). The profit and loss account is set out on page 4.

Details of dividends are set out in note 11. In December 2004 this company distributed its accumulated profit and loss account by declaring and paying a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

R N Madelin
D J G Partridge
P G Freeman
A J S Prower

All of the directors at 31 December 2004 had an indirect interest in the company by way of their participation in the Argent Project Partnership, a partnership with Argent Estates Limited, although none of the directors who held office at the end of the financial year had any direct interest in the shares of the company.

Political and charitable contributions

The company made no political contributions or charitable donations during the year (2003: £nil).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Director

5 Albany Courtyard
Piccadilly
London
W1J 0HF

6 July 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.



PO Box 695
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London EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Argent (King's Cross) Limited

We have audited the financial statements on pages 4 to 8.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

6 July 2005

Profit and loss account
for the year ended 31 December 2004

	<i>Note</i>	2004 £	2003 £
Operating profit		-	-
Net interest receivable	2	-	134
		<hr/>	<hr/>
Profit on ordinary activities before taxation		-	134
Tax on profit on ordinary activities	6	-	(40)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		-	94
Dividends	11	(1,006)	-
		<hr/>	<hr/>
Retained (loss)/profit for the financial year	12	(1,006)	94
		<hr/>	<hr/>

The company has no recognised gains or losses other than the result for the year.

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

All amounts derive from continuing operations.

Balance sheet
at 31 December 2004

	<i>Note</i>	2004 £	2003 £
Current assets			
Stocks	7	-	7,039,435
Debtors	8	3,384,196	408,064
Cash at bank and in hand		-	179,222
		<hr/>	<hr/>
		3,384,196	7,626,721
Creditors: amounts falling due within one year	9	(3,384,096)	(7,625,615)
		<hr/>	<hr/>
Net assets		100	1,106
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	12	-	1,006
		<hr/>	<hr/>
Equity shareholders' funds		100	1,106
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 6 July 2005 and were signed on its behalf by:



Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Under FRS 1 Cash Flow Statements (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary of another UK undertaking.

Stocks

Property stocks, which represent properties and developments held for resale, are included at the lower of cost and net realisable value. Full provision is made in the profit and loss account for anticipated losses.

Cost of property includes costs of acquisition and development to date, including directly attributable fees, expenses and finance charges. For this purpose, the interest rate applied to funds provided for property development is arrived at by reference, where appropriate, to the actual rate payable on borrowings raised specifically for a development or the average rate paid on funding the assets employed by the company.

2 Net interest receivable

	2004 £	2003 £
Interest receivable and similar income	-	162
Bank charges	-	(28)
	<hr/>	<hr/>
	-	134
	<hr/>	<hr/>

3 Remuneration of directors

None of the directors received any emoluments from the company during the year (2003: £nil).

4 Staff numbers and costs

The company did not employ any staff during the year (2003: nil).

5 Remuneration of auditors

Audit fees in the year of £nil (2003: £6,000) have been capitalised into work in progress. The company's audit fee has been borne by Argent Projects Partnership in the current year.

Notes *(continued)*

6 Tax on profit on ordinary activities

	2004 £	2003 £
UK corporation tax at 30% (2003: 30%)	-	40

There is no difference between the actual current tax charge and the application of the statutory tax rate of 30% to the accounting profit before tax. There are no provided or unprovided deferred tax assets or liabilities.

7 Stocks

	2004 £	2003 £
Development in progress	-	7,039,435

8 Debtors

	2004 £	2003 £
Trade debtors	63,344	229,568
Amounts owed by parent undertaking	3,320,735	-
VAT repayable	-	37,519
Other debtors	117	140,977
	<u>3,384,196</u>	<u>408,064</u>

9 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	1,616	-
Amounts owed to parent undertaking	-	461,139
Corporation tax	40	40
VAT payable	3,382,440	-
Amounts due to shareholders	-	7,164,436
	<u>3,384,096</u>	<u>7,625,615</u>

Notes (continued)

10 Called up share capital

Shares of £1 each.

	Number	Authorised 2004 £	2003 £	Called up and fully paid Number £	2004 £	2003 £
Voting 'A' ordinary shares	1,000	1,000	1,000	50	50	50
Convertible non-voting shares	1,000	1,000	1,000	50	50	50
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>100</u>	<u>100</u>	<u>100</u>

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

11 Dividends

A dividend of £1,006 (£10.06 per share) was paid during the year (2003 - £nil).

12 Reconciliation of movement in shareholders' funds

	Share Capital £	Profit and Loss account £	Total £
At 31 December 2003	100	1,006	1,106
Profit for the year	-	(1,006)	(1,006)
At 31 December 2004	<u>100</u>	<u>-</u>	<u>100</u>

13 Related party transactions

Since the company is a wholly owned subsidiary of Argent Estates Limited, the company has taken advantage of the exemption in FRS8 Related Party Disclosures and has not disclosed related party transactions with group companies.

14 Ultimate holding company

The company is a subsidiary undertaking of the BT Pension Scheme.

The largest company in which the results of the company are consolidated is that headed by BriTel Property Acquisitions Limited incorporated in England. The smallest group in which they are consolidated is that headed by Argent Estates Limited incorporated in England. The consolidated financial statements of BriTel Property Acquisitions Limited may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ. The consolidated financial statements of Argent Estates Limited may be obtained from 5 Albany Courtyard, Piccadilly, London, W1J 0HF.