

Star Site Public Limited Company

**Directors' report and financial
statements**

Registered number 2507530

For the year ended 31 December 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activity

The principal activity of the company is, and will continue to be, that of property development.

The result for the year is set out on page 4.

Dividend

The directors do not recommend the payment of a dividend (1999: £Nil).

Directors

The directors serving during the year were:

SP Eastwood
RN Richardson
DB Richardson
B Pellard

The interests of Messrs RN and DB Richardson in the shares of group companies are disclosed in the financial statements of the ultimate holding company.

Payments to creditors

It is the company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions.

The total trade creditors outstanding at 31 December 2000 represents 40 days as a proportion of total amounts invoiced by suppliers in the year then ended (1999: 15).

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors is to be proposed at the forthcoming annual general meeting.

Approved by order of the board of directors and signed on its behalf by:



SP Eastwood
Director

100 Dudley Road East
Oldbury
West Midlands
B69 3DY

1 February 2001

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.



2 Cornwall Street
Birmingham B3 2DL

Report of the auditors to the members of Star Site Public Limited Company

We have audited the financial statements on pages 4 to 10.

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. 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

1 February 2001

Profit and loss account

for the year ended 31 December 2000

	<i>Note</i>	2000 £	1999 £
Turnover	2	14,301,555	37,234,719
Cost of sales		(12,455,087)	(37,234,714)
		<hr/>	<hr/>
Gross profit		1,846,468	5
Administrative expenses		(2,015)	(2,065)
		<hr/>	<hr/>
Operating profit/(loss)		1,844,453	(2,060)
Interest receivable	3	137,816	158,583
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	1,982,269	156,523
Tax on profit on ordinary activities	6	(594,926)	(47,348)
		<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year		1,387,343	109,175
Profit and loss account deficit brought forward		(189,091)	(298,266)
		<hr/>	<hr/>
Profit and loss account carried forward		1,198,252	(189,091)
		<hr/>	<hr/>

In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or preceding years other than as disclosed in the profit and loss account.

Balance sheet
at 31 December 2000

	<i>Note</i>	2000 £	1999 £
Current assets			
Stock	7	-	301,625
Debtors	8	12,657,741	10,258,132
Bank		-	3,030,832
		<hr/>	<hr/>
		12,657,741	13,590,589
Creditors: Amounts falling due within one year	9	(11,409,488)	(13,729,679)
		<hr/>	<hr/>
Net assets/(liabilities)		1,248,253	(139,090)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	50,001	50,001
Profit and loss account		1,198,252	(189,091)
		<hr/>	<hr/>
Equity shareholders' funds	11	1,248,253	(139,090)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 1 February 2001 and were signed on its behalf by:



DB Richardson
Director



SP Eastwood
Director

Cash flow statement

for the year ended 31 December 2000

	Note	2000 £	1999 £
Reconciliation of operating profit/(loss) to net cash flow from operating activities			
Operating profit/(loss)		1,844,453	(2,060)
Decrease/(increase) in stocks		301,625	(301,625)
(Increase)/decrease in debtors		(2,299,692)	20,739,993
Decrease in creditors		(2,460,500)	(16,755,265)
		<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities		(2,614,114)	3,681,043
		<hr/>	<hr/>
Cash flow statement			
Cash flow from operating activities		(2,614,114)	3,681,043
Returns on investments and servicing of finance	14(a)	145,074	158,583
Taxation	14(a)	(729,072)	(12,000)
		<hr/>	<hr/>
Cash (outflow)/inflow before management of liquid resources and financing		(3,198,112)	3,827,626
		<hr/>	<hr/>
(Decrease)/increase in cash in the period		(3,198,112)	3,827,626
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period	14(b)	(3,198,112)	3,827,626
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Principal 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 are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Stock

Work in progress is valued at the lower of cost and net realisable value. Long term work in progress is stated at the total cost incurred, net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account. Government grants receivable in relation to development costs are deducted therefrom.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that an actual provision will crystallise.

2 Turnover

Turnover reflects the stage of completion of long term contracts. All the company's sales were made in the United Kingdom.

3 Interest receivable

	2000 £	1999 £
Bank interest receivable	136,580	158,583
Other	1,236	-
	<u>137,816</u>	<u>158,583</u>

4 Directors' emoluments and staff numbers

Other than the directors, the company had no employees during the financial year. The directors have neither received nor waived any emoluments during the year (1999: £Nil).

5 Profit on ordinary activities before taxation

	2000 £	1999 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration in respect of audit work	<u>2,000</u>	<u>2,000</u>

Notes (continued)

6 Tax on profit on ordinary activities

	2000 £	1999 £
UK corporation tax at 30% (1999: 30.25%)	593,703	47,348
Adjustment in respect of prior years	1,223	-
	<u>594,926</u>	<u>47,348</u>

7 Stock

	2000 £	1999 £
Work in progress	-	301,625
	<u>-</u>	<u>301,625</u>

8 Debtors

	2000 £	1999 £
Trade debtors	562,610	-
Other debtors	172,593	7,258
Amounts recoverable on contracts	11,922,538	10,250,874
	<u>12,657,741</u>	<u>10,258,132</u>

9 Creditors: Amounts falling due within one year

	2000 £	1999 £
Bank overdraft	167,280	-
Trade creditors	1,360,632	1,527,735
Amounts owed to shareholders (note 13)	9,879,000	11,731,015
Corporation tax	-	26,971
Other creditors	576	441,958
Accruals and deferred income	2,000	2,000
	<u>11,409,488</u>	<u>13,729,679</u>

Notes (continued)

10 Share capital

	2000 £	1999 £
<i>Authorised:</i>		
Ordinary shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	50,001	50,001
	<hr/>	<hr/>

11 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
At beginning of year	(139,090)	(248,265)
Profit for the year	1,387,343	109,175
	<hr/>	<hr/>
At end of year	1,248,253	(139,090)
	<hr/>	<hr/>

All shareholders' funds are attributable to equity interests.

12 Ultimate holding company

The ultimate holding company and controlling party is Swiftfire Limited. A copy of that company's consolidated financial statements may be obtained from Companies House.

13 Related parties

At 31 December 2000, the company was controlled by V&P Midlands Limited ("V&P"), who held two thirds of the ordinary shares of the company. Carillion Plc ("Carillion") held one third of the shares.

Each of the shareholders has advanced sums of money to the company from time to time. These amounts are unsecured and interest free and have no fixed repayment terms. Carillion advanced their monies through a subsidiary, Carillion Construction Limited. Movements in the year are as follows:

	V&P £'000	Carillion £'000	Total £'000
At 1 January 2000	9,256	2,475	11,731
Amounts borrowed during the year	2,912	1,685	4,597
Repaid during the year	(5,699)	(750)	(6,449)
	<hr/>	<hr/>	<hr/>
At 31 December 2000	6,469	3,410	9,879
	<hr/>	<hr/>	<hr/>

The only other material transactions entered into with related parties during the year are as follows:

The company has entered into a building contract with Carillion Construction Limited. Approximately £9.7 million has been paid under the contract in the year to 31 December 2000 (1999: £29 million) and £1.1 million is included in trade creditors (1999: £1.4 million). The contract was on normal commercial terms.

Notes (continued)

14 Notes to the consolidated cash flow statement

(a) Analysis of cash flows

	2000 £	1999 £
Returns on investment and servicing of finance		
Interest received	143,838	158,583
Other interest received	1,236	-
	<u>145,074</u>	<u>158,583</u>
 Taxation		
Corporation tax paid	<u>729,072</u>	<u>12,000</u>

(b) Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Bank	3,030,832	(3,198,112)	(167,280)
	<u>3,030,832</u>	<u>(3,198,112)</u>	<u>(167,280)</u>