

Star Site Public Limited Company

**Directors' report and financial
statements**

Registered number 2507530

For the year ended 31 December 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activity

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

It continues to be the policy of the company to expand its activities when the opportunity arises.

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

Dividend

The directors do not recommend the payment of a dividend (2001: £Nil).

Directors

The directors serving during the year were:

SP Eastwood
RN Richardson
DB Richardson
B Pellard

None of the directors had any disclosable interest in the shares of the company.

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

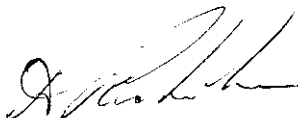
It is the company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions.

The total trade creditors outstanding at 31 December 2002 represents nil days as a proportion of total amounts invoiced by suppliers in the year then ended (2001: 27).

Auditors

KPMG were re-appointed auditors on 14 June 2002. However, since that date their business was transferred to a limited liability partnership, KPMG LLP. Accordingly, KPMG resigned as auditors on 14 June 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising.

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



DB Richardson
Director

100 Dudley Road East
Oldbury
West Midlands
B69 3DY

31 January 2003

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 independent auditors to the members of Star Site Public Limited Company

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

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

31 January 2003

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	2002 £	2001 £
Turnover	2	100,005	4,367,701
Cost of sales		(129,073)	(1,247,908)
		<hr/>	<hr/>
Gross (loss)/profit		(29,068)	3,119,793
Administrative expenses		(2,515)	(1,515)
		<hr/>	<hr/>
Operating (loss)/profit		(31,583)	3,118,278
Interest receivable and similar income	3	17,970	65,115
Interest payable and similar charges	4	-	(2,482,644)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	6	(13,613)	700,749
Tax on (loss)/profit on ordinary activities	7	4,120	(210,240)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation and for the financial year		(9,493)	490,509
Profit and loss account brought forward		1,688,761	1,198,252
		<hr/>	<hr/>
Profit and loss account carried forward		1,679,268	1,688,761
		<hr/>	<hr/>

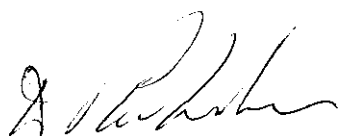
In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

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 2002

	<i>Note</i>	2002 £	2001 £
Current assets			
Debtors	8	1,634,456	2,042,753
Cash at bank and in hand		485,184	98,584
		<u>2,119,640</u>	<u>2,141,337</u>
Creditors: Amounts falling due within one year	9	(390,371)	(402,575)
Net assets		<u>1,729,269</u>	<u>1,738,762</u>
Capital and reserves			
Called up share capital	10	50,001	50,001
Profit and loss account		1,679,268	1,688,761
Equity shareholders' funds	11	<u>1,729,269</u>	<u>1,738,762</u>

These financial statements were approved by the board of directors on 31 January 2003 and were signed on its behalf by:



DB Richardson
Director

Cash flow statement
for the year ended 31 December 2002

	<i>Note</i>	2002 £	2001 £
Reconciliation of operating (loss)/profit to net cash flow from operating activities			
Operating (loss)/profit		(31,583)	3,118,278
Decrease in debtors		413,608	10,507,967
Increase/(decrease) in creditors		198,021	(11,049,858)
		<hr/>	<hr/>
Net cash inflow from operating activities		580,046	2,576,387
		<hr/>	<hr/>
Cash flow statement			
Cash flow from operating activities		580,046	2,576,387
Returns on investments and servicing of finance	15(a)	16,743	(2,417,684)
Taxation	15(a)	(210,189)	107,161
		<hr/>	<hr/>
Increase in cash in the year		386,600	265,864
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase in cash in the year		386,600	265,864
Net funds/(debt) at start of year		98,584	(167,280)
		<hr/>	<hr/>
Net funds at end of year	15(b)	485,184	98,584
		<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.

In preparing these financial statements, the company has adopted Financial Reporting Standard 19 "Deferred tax" for the first time. There is no impact on the financial statements of the company as a result of the introduction of this statement. Previously, deferred tax was only provided between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that an actual liability will crystallise.

Stocks

Stocks comprise of development work in progress. Stocks are stated at the lower of cost and net realisable value. Cost is determined on an actual basis and comprises land, property, materials and attributable overheads. Net realisable value is based on estimated selling prices less further costs anticipated to disposal.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated as costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

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. Except where otherwise required, full provision is made, without discounting, for all timing differences which have arisen but not reversed at the balance sheet date.

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 and similar income

	2002 £	2001 £
Bank interest receivable	17,970	65,115

4 Interest payable and similar charges

	2002 £	2001 £
Group interest payable	-	2,482,644

Notes (continued)

5 Directors' emoluments and staff numbers

Other than the directors, the company had no employees during the financial year (2001: Nil).

The directors receive no emoluments for their services (2001: £Nil).

6 (Loss)/profit on ordinary activities before taxation

	2002 £	2001 £
<i>(Loss)/profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration in respect of audit work	2,500	3,000

7 Tax on (loss)/profit on ordinary activities

(i) Analysis of (credit)/charge for the year

	2002 £	2001 £
Current tax on income for the year	(4,084)	210,225
Adjustment in respect of prior years	(36)	15
Tax on (loss)/profit on ordinary activities	(4,120)	210,240

(ii) Factors affecting the tax (credit)/charge for the year

The current tax (credit)/charge for this year is higher (2001: higher) than the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are explained below:

	2002 £	2001 £
Current tax reconciliation		
(Loss)/profit on ordinary activities before taxation	(13,613)	700,749
Current tax at 30% (2001: 30%)	(4,084)	210,225
Effects of:		
Adjustments to tax charge in respect of prior year	(36)	15
Total current tax (credit)/charge (see above)	(4,120)	210,240

Notes (continued)

8 Debtors

	2002 £	2001 £
Other debtors	5,465	1,595
Amounts recoverable on contracts	-	1,701,979
Amounts owed by shareholders (see note 13)	1,628,991	339,179
	<hr/> 1,634,456 <hr/>	<hr/> 2,042,753 <hr/>

9 Creditors: Amounts falling due within one year

	2002 £	2001 £
Payments received on account	198,021	-
Trade creditors	190,850	190,850
Corporation tax	-	210,225
Accruals and deferred income	1,500	1,500
	<hr/> 390,371 <hr/>	<hr/> 402,575 <hr/>

10 Share capital

	2002 £	2001 £
<i>Authorised:</i>		
Ordinary shares of £1 each	1,000,000	1,000,000
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	50,001	50,001

11 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
At beginning of year	1,738,762	1,248,253
(Loss)/profit for the year	(9,493)	490,509
	<hr/> 1,729,269 <hr/>	<hr/> 1,738,762 <hr/>

12 Immediate and ultimate holding company

The immediate parent company is V&P Midlands Limited.

The ultimate holding company and controlling party is Swiftfire Limited. Copies of both companies financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Notes (continued)

13 Related parties

At 31 December 2002, 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.

Movements on the inter company accounts in the year are as follows:

	V&P £'000	Carillion £'000	Total £'000
Amounts recoverable at 1 January 2002	227	112	339
Payments made during the year	1,000	500	1,500
Amounts borrowed during the year	(210)	-	(210)
Amounts recoverable at 31 December 2002	1,017	612	1,629

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. No money has been paid under the contract in the year to 31 December 2002 (2001: £0.8 million) and £0.1 million is included in trade creditors (2001: £0.1 million). The contract was on normal commercial terms.

14 Contingent liabilities

The company is party to a guarantee in respect of bank borrowings of other group companies. At 31 December 2002, the company had a contingent liability of £27,653,223 in respect of this (2001: £Nil).

15 Notes to the cash flow statement

(a) Analysis of cash flows

	2002 £	2001 £
Returns on investment and servicing of finance		
Interest received	16,743	64,958
Other interest received	-	-
Interest paid	-	(2,482,642)
	16,743	(2,417,684)
Taxation		
Corporation tax (paid)/received	(210,189)	107,161

(b) Analysis of net funds

	At beginning of year £	Cash flow £	At end of year £
Bank	98,584	386,600	485,184