

Star Site Public Limited Company

Directors' report and financial statements

For the year ended 31 December 1998

Registered number 2507530



Directors' report and financial statements

Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the auditors to the members of Star Site Public Limited Company	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

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 (1997: £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 1998 represents 64 days as a proportion of total amounts invoiced by suppliers in the year then ended. This figure is distorted due to the inclusion of substantial invoices immediately prior to the year end. In practice creditors are generally paid within 30 days of receiving an invoice.

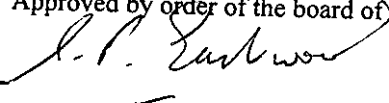
Year 2000

The year 2000 has potentially wide ranging consequences for the economy as a whole. However, given the company's financial and operating procedures, it is not considered that Year 2000 compliance will be a major internal issue. Although a detailed review has not been carried out, the company is not expecting to incur any significant compliance costs.

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

18 February 1999

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

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

18 February 1999

Profit and loss account

for the year ended 31 December 1998

	Note	1998 £	1997 £
Turnover			
Cost of sales		16,041,165	-
		(16,041,160)	-
Gross profit		<u>5</u>	<u>-</u>
Administrative expenses		(1,515)	(1,727)
Operating loss		<u>(1,510)</u>	<u>(1,727)</u>
Interest receivable	3	434	89
Interest payable	4	(23,856)	-
Loss on ordinary activities before taxation	6	<u>(24,932)</u>	<u>(1,638)</u>
Tax on loss on ordinary activities	7	7,729	224
Loss on ordinary activities after taxation and for the financial year		<u>(17,203)</u>	<u>(1,414)</u>
Profit and loss account deficit brought forward		(281,063)	(279,649)
Profit and loss account deficit carried forward		<u>(298,266)</u>	<u>(281,063)</u>

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 1998

	<i>Note</i>	1998 £	1997 £
Current assets			
Stock	8	-	4,861,554
Debtors	9	31,006,502	113,180
		<hr/>	<hr/>
		31,006,502	4,974,734
Creditors: Amounts falling due within one year	10	(31,254,767)	(5,205,796)
		<hr/>	<hr/>
Net liabilities		(248,265)	(231,062)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	50,001	50,001
Profit and loss account		(298,266)	(281,063)
		<hr/>	<hr/>
Equity shareholders' funds	12	(248,265)	(231,062)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 18 February 1999 and were signed on its behalf by:



DB Richardson
Director



SP Eastwood
Director

Cash flow statement

for the year ended 31 December 1998

	Note	1998 £	1997 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating loss		(1,510)	(1,727)
Decrease/(increase) in stocks		4,861,554	(4,250,767)
(Increase)/decrease in debtors		(30,885,593)	326,253
Increase in creditors		25,701,511	3,789,424
		<hr/>	<hr/>
Net cash outflow from operating activities		(324,038)	(136,817)
		<hr/>	<hr/>
Cash flow statement			
Cash flow from operating activities		(324,038)	(136,817)
Returns on investments and servicing of finance	15(a)	(23,422)	89
Taxation	15(a)	-	(1,437)
		<hr/>	<hr/>
Cash outflow before management of liquid resources and financing		(347,460)	(138,165)
		<hr/>	<hr/>
Decrease in cash in the period		(347,460)	(138,165)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period	15(b)	(347,460)	(138,165)
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

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.

Turnover

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

Interest receivable

	1998 £	1997 £
Bank interest receivable	434	89
	<u> </u>	<u> </u>

Interest payable

	1998 £	1997 £
Other interest payable	23,856	-
	<u> </u>	<u> </u>

Directors' emoluments

The directors have neither received nor waived any emoluments during the year (1997: £Nil).

Loss on ordinary activities before taxation

	1998 £	1997 £
<i>Loss on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	1,500	1,000
	<u> </u>	<u> </u>

Notes (continued)

Tax on loss on ordinary activities

	1998 £	1997 £
Consortium relief credit at 31% (1997: 31.5%)	(7,729)	(274)
	<u>(7,729)</u>	<u>(274)</u>
Adjustment relating to an earlier year		
Consortium relief	-	50
	<u>-</u>	<u>50</u>
Tax credit	(7,729)	(224)
	<u><u>(7,729)</u></u>	<u><u>(224)</u></u>

Stock

	1998 £	1997 £
Work in progress	3,423,478	4,861,554
Payments on account	(3,423,478)	-
	<u>-</u>	<u>4,861,554</u>
	<u><u>-</u></u>	<u><u>4,861,554</u></u>

Work in progress is stated net of grants received of £6,791,980 (1997: £6,791,980).

Debtors

	1998 £	1997 £
Trade debtors	30,998,125	-
Other debtors	-	112,532
Consortium relief receivable	8,377	648
	<u>31,006,502</u>	<u>113,180</u>
	<u><u>31,006,502</u></u>	<u><u>113,180</u></u>

Notes (continued)

Creditors: Amounts falling due within one year

	1998 £	1997 £
Bank overdraft	796,794	449,334
Trade creditors	2,565,402	656,150
Amounts owed to shareholders (note 14)	16,764,201	4,097,312
Accruals	1,500	3,000
Payments received on account	11,126,870	-
	<u>31,254,767</u>	<u>5,205,796</u>

Share capital

	1998 £	1997 £
Authorised:		
Ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	50,001	50,001
	<u> </u>	<u> </u>

Reconciliation of movements in shareholders' funds

	1998 £	1997 £
At beginning of year		
Loss for the year	(231,062)	(229,648)
	(17,203)	(1,414)
	<u> </u>	<u> </u>
At end of year	(248,265)	(231,062)
	<u> </u>	<u> </u>

All shareholders' funds are attributable to equity interests.

Ultimate holding company

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

Notes (continued)

Related parties

At 31 December 1998, the company was controlled by V&P Midlands Limited ("V&P"), who held two thirds of the ordinary shares of the company. Tarmac Construction Limited ("Tarmac") 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. Movements in the year are as follows:

	V&P £'000	Tarmac £'000	Total £'000
At 1 January 1998			
Cash advanced	2,524	1,574	4,098
	8,658	4,008	12,666
At 31 December 1998	11,182	5,582	16,764

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 Tarmac. Approximately £12.6 million has been paid under the contract in the year to 31 December 1998 and £2.4 million is included in trade creditors. The contract was on normal commercial terms.

Notes to the consolidated cash flow statement

Analysis of cash flows

	£	1998 £	£	1997 £
Returns on investment and servicing of finance				
Interest received	434		89	
Interest paid	(23,856)		-	
		(23,422)		89
Taxation				
Corporation tax paid	-		1,437	
		-		1,437

Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Overdrafts	(449,334)	(347,460)	(796,794)