

Star Site Public Limited Company

Directors' report and financial statements

For the year ended 31 December 1999

Registered number 2507530



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

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 (1998: £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 1999 represents 15 days as a proportion of total amounts invoiced by suppliers in the year then ended.

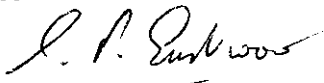
Year 2000

The year 2000 has potentially wide ranging consequences for the economy as a whole. However, given the company's financial and operating procedures, it was not considered that Year 2000 compliance would be a major internal issue. The directors are pleased to confirm that, to date, there has been no effect.

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

24 February 2000

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 1999 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

24 February 2000

Profit and loss account
for the year ended 31 December 1999

	<i>Note</i>	1999 £	1998 £
Turnover	2	37,234,719	16,041,165
Cost of sales		(37,234,714)	(16,041,160)
		<hr/>	<hr/>
Gross profit		5	5
Administrative expenses		(2,065)	(1,515)
		<hr/>	<hr/>
Operating loss		(2,060)	(1,510)
Interest receivable	3	158,583	434
Interest payable	4	-	(23,856)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	6	156,523	(24,932)
Tax on profit/(loss) on ordinary activities	7	(47,348)	7,729
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation and for the financial year		109,175	(17,203)
Profit and loss account deficit brought forward		(298,266)	(281,063)
		<hr/>	<hr/>
Profit and loss account deficit carried forward		(189,091)	(298,266)
		<hr/> <hr/>	<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 1999

	<i>Note</i>	1999 £	1998 £
Current assets			
Stock	8	301,625	-
Debtors	9	10,258,132	31,006,502
Bank		3,030,832	-
		<hr/>	<hr/>
		13,590,589	31,006,502
 Creditors: Amounts falling due within one year	 10	 (13,729,679)	 (31,254,767)
		<hr/>	<hr/>
Net liabilities		(139,090)	(248,265)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	50,001	50,001
Profit and loss account		(189,091)	(298,266)
		<hr/>	<hr/>
Equity shareholders' funds	12	(139,090)	(248,265)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 24 February 2000 and were signed on its behalf by:



DB Richardson
Director



SP Eastwood
Director

Cash flow statement

for the year ended 31 December 1999

	<i>Note</i>	1999 £	1998 £
Reconciliation of operating loss to net cash flow from operating activities			
Operating loss		(2,060)	(1,510)
(Increase)/decrease in stocks		(301,625)	4,861,554
Decrease/(increase) in debtors		20,739,993	(30,885,593)
(Decrease)/increase in creditors		(16,755,265)	25,701,511
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		3,681,043	(324,038)
		<hr/>	<hr/>
Cash flow statement			
Cash flow from operating activities		3,681,043	(324,038)
Returns on investments and servicing of finance	<i>15(a)</i>	158,583	(23,422)
Taxation	<i>15(a)</i>	(12,000)	-
		<hr/>	<hr/>
Cash inflow/(outflow) before management of liquid resources and financing		3,827,626	(347,460)
		<hr/>	<hr/>
Increase/(decrease) in cash in the period		3,827,626	(347,460)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period	<i>15(b)</i>	3,827,626	(347,460)
		<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.

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

	1999 £	1998 £
Bank interest receivable	158,583	434
	<u> </u>	<u> </u>

4 Interest payable

	1999 £	1998 £
Other interest payable	-	23,856
	<u> </u>	<u> </u>

5 Directors' emoluments

The directors have neither received nor waived any emoluments during the year (1998: £Nil).

6 Profit/(loss) on ordinary activities before taxation

	1999 £	1998 £
<i>Profit/(loss) on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	2,000	1,500
	<u> </u>	<u> </u>

Notes (continued)

7 Tax on profit/(loss) on ordinary activities

	1999 £	1998 £
UK corporation tax at 30.25%	47,348	-
Consortium relief credit at Nil% (1998: 31.5%)	-	(7,729)
	<u>47,348</u>	<u>(7,729)</u>

8 Stock

	1999 £	1998 £
Work in progress	301,625	3,423,478
Payments on account	-	(3,423,478)
	<u>301,625</u>	<u>-</u>

9 Debtors

	1999 £	1998 £
Trade debtors	-	30,998,125
Other debtors	7,258	-
Consortium relief receivable	-	8,377
Amounts recoverable on contracts	10,250,874	-
	<u>10,258,132</u>	<u>31,006,502</u>

Notes (continued)

10 Creditors: Amounts falling due within one year

	1999 £	1998 £
Bank overdraft	-	796,794
Trade creditors	1,527,735	2,565,402
Amounts owed to shareholders (note 14)	11,731,015	16,764,201
Accruals	2,000	1,500
Payments received on account	-	7,810,362
Other creditors	441,958	3,316,508
Corporation tax	26,971	-
	<u>13,729,679</u>	<u>31,254,767</u>

11 Share capital

	1999 £	1998 £
<i>Authorised:</i>		
Ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	50,001	50,001
	<u> </u>	<u> </u>

12 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
At beginning of year	(248,265)	(231,062)
Profit/(loss) for the year	109,175	(17,203)
	<u> </u>	<u> </u>
At end of year	(139,090)	(248,265)
	<u> </u>	<u> </u>

All shareholders' funds are attributable to equity interests.

13 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.

Notes (continued)

14 Related parties

At 31 December 1999, the company was controlled by V&P Midlands Limited ("V&P"), who held two thirds of the ordinary shares of the company. Carrillion Construction Limited ("Carrillion") 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	Carrillion £'000	Total £'000
At 1 January 1999	11,182	5,582	16,764
Repaid during the year	(1,926)	(3,107)	(5,033)
	<hr/>	<hr/>	<hr/>
At 31 December 1999	9,256	2,475	11,731
	<hr/> <hr/>	<hr/> <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 Carrillion. Approximately £29 million has been paid under the contract in the year to 31 December 1999 and £1.4 million is included in trade creditors. The contract was on normal commercial terms.

15 Notes to the consolidated cash flow statement

(a) Analysis of cash flows

	1999 £	1998 £
Returns on investment and servicing of finance		
Interest received	158,583	434
Interest paid	-	(23,856)
	<hr/>	<hr/>
	158,583	(23,422)
	<hr/> <hr/>	<hr/> <hr/>
Taxation		
Corporation tax paid	12,000	-
	<hr/>	<hr/>
	12,000	-
	<hr/> <hr/>	<hr/> <hr/>

(b) Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Bank	(796,794)	3,827,626	3,030,832
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>