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Star Site Public Limited Company

Directors' report and financial statements

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Star Site Public Limited Company

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

Principal activity

The principal activity of the company is that of property development.

Results and dividend

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

Directors

The directors serving during the year were:

MA Tilt	(resigned 7 May 1996)
V & P Midlands Limited	(resigned 7 May 1996)
SP Eastwood	
RN Richardson	(appointed 7 May 1996)
DB Richardson	(appointed 7 May 1996)

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. Mr Eastwood had no such interests.

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;
- 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.

Star Site Public Limited Company

Directors' report (continued)

Auditors

A resolution to re-appoint the auditors, KPMG, will be proposed at the forthcoming annual general meeting in accordance with Section 384 of the Companies Act 1985.

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

11 July 1997



2 Cornwall Street
Birmingham
B3 2DL

Auditors' report to the members of Star Site Public Limited Company

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

As described on page 1, 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 1996 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

11 July 1997

Star Site Public Limited Company

Profit and loss account for the year ended 31 December 1996

	Note	1996 £	1995 £
Administrative expenses		(2,057)	4,492
Operating (loss)/profit		(2,057)	4,492
Interest receivable	2	864	964
(Loss)/profit on ordinary activities before taxation	4	(1,193)	5,456
Tax on (loss)/profit on ordinary activities	5	787	(1,800)
(Loss)/profit on ordinary activities after taxation and for the financial year		(406)	3,656
Profit and loss account deficit brought forward		(279,243)	(282,899)
Profit and loss account deficit carried forward		(279,649)	(279,243)

Turnover and operating profit for the current and preceding financial years all derive from continuing operations.

There are no recognised gains or losses or other movements in shareholders funds for the current and preceding financial years other than as stated in the profit and loss account.

Star Site Public Limited Company

Balance sheet at 31 December 1996

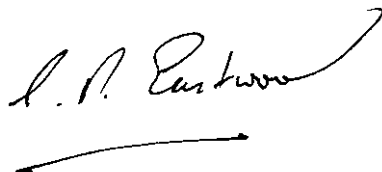
	Note	1996 £	1995 £
Current assets			
Stock	6	610,787	190,398
Debtors	7	438,785	237,784
Cash at bank		-	16,946
		<u>1,049,572</u>	<u>445,128</u>
Creditors: Amounts falling due within one year	8	<u>(1,279,220)</u>	<u>(674,370)</u>
Net liabilities		<u>(229,648)</u>	<u>(229,242)</u>
Capital and reserves			
Called up share capital	9	50,001	50,001
Profit and loss account		<u>(279,649)</u>	<u>(279,243)</u>
Shareholders' funds	10	<u>(229,648)</u>	<u>(229,242)</u>

These financial statements were approved by the board of directors on 11 July 1997 and were signed on its behalf by:

DB Richardson
Director



SP Eastwood
Director



Star Site Public Limited Company

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 the going concern basis which assumes that the company will continue to trade as the principal shareholders have indicated that they intend to provide such funds as are necessary for the company to continue to trade for the foreseeable future.

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. The company is entitled to the exemption available in Sections 246-249 of the Companies Act 1985 for small companies and consequently, in accordance with Financial Reporting Standard 1, has not included a cash flow statement in these financial statements.

Stock

Work in progress is valued at the lower of cost and net realisable value. Government grants receivable in relation to development costs are deducted therefrom.

2 Interest receivable

	1996	1995
	£	£
Bank interest receivable	<u>864</u>	<u>964</u>

3 Directors' emoluments

The directors have neither received nor waived any emoluments during the year (1995: £Nil).

4 (Loss)/profit on ordinary activities

	1996	1995
	£	£
<i>(Loss)/profit on ordinary activities is stated</i>		
<i>after charging</i>		
Auditors' remuneration	<u>2,000</u>	<u>850</u>

Star Site Public Limited Company

Notes (continued)

5 Tax on profit on ordinary activities

	1996 £	1995 £
Corporation tax credit for year	(424)	-
Consortium relief at 33 % (1995: 33 %)	-	1,800
	<u>(424)</u>	<u>1,800</u>
Prior year adjustments		
Corporation tax	1,437	-
Consortium relief	(1,800)	-
	<u>(787)</u>	<u>1,800</u>
Tax (credit)/charge	<u>(787)</u>	<u>1,800</u>

6 Stock

	1996 £	1995 £
Work in progress	<u>610,787</u>	<u>190,398</u>

Work in progress is stated net of grants receivable of £3,025,583.

7 Debtors

	1996 £	1995 £
Other debtors	438,785	6,553
Consortium relief receivable	-	231,231
	<u>438,785</u>	<u>237,784</u>

Star Site Public Limited Company

Notes (continued)

8 Creditors: Amounts falling due within one year

	1996 £	1995 £
Bank overdraft	311,169	-
Trade creditors	385,086	-
Amounts owed to shareholders (note 12)	579,952	636,905
Other creditors	-	36,615
Accruals	2,000	850
Corporation tax	1,013	-
	<u>1,279,220</u>	<u>674,370</u>

9 Share capital

	1996 £	1995 £
<i>Authorised:</i>		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>50,001</u>	<u>50,001</u>

10 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
At beginning of year	(229,242)	(232,898)
(Loss)/profit for the year	<u>(406)</u>	<u>3,656</u>
At end of year	<u>(229,649)</u>	<u>(229,242)</u>

All shareholders' funds are attributable to equity interests.

11 Ultimate holding company

The ultimate holding company, which is controlled by Messrs DB and RN Richardson, is Spirepoint Limited. A copy of that company's consolidated financial statements may be obtained from the registered office.

Star Site Public Limited Company

Notes (continued)

12 Related parties

At 31 December 1996, 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. At 31 December 1995, V&P, Tarmac and Wimpey Construction Limited (Wimpey) each 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	Wimpey £'000	Total £'000
At 1 January 1996	189	229	219	637
Cash advanced/(repaid)	(100)	236	40	176
Assignment	259	-	(259)	-
Consortium relief	(155)	(78)	-	(233)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	193	387	-	580
	<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 contract for enabling works with Tarmac. Approximately £1.8 million has been paid under the contract in the year to 31 December 1996 and £0.3 million is included in trade creditors. Approximately £0.1 million was paid to Wimpey during the year in respect of site investigation works. Both contracts were on normal commercial terms;