

Star Site Public Limited Company

Directors' report and financial statements

For the year ended 31 December 1997

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 1997.

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 (1996: £Nil).

Directors

The directors serving during the year were:

SP Eastwood
RN Richardson
DB Richardson
B Pellard (appointed 26 February 1997)

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.

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:



SP Eastwood
Director

100 Dudley Road East
Oldbury
West Midlands
B69 3DY

3 July 1998

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 9.

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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'KPAV'.

KPMG
Chartered Accountants
Registered Auditors

3 July 1998

Profit and loss account
for the year ended 31 December 1997

	<i>Note</i>	1997 £	1996 £
Administrative expenses		(1,727)	(2,057)
Operating loss		(1,727)	(2,057)
Interest receivable	2	89	864
Loss on ordinary activities before taxation	4	(1,638)	(1,193)
Tax on loss on ordinary activities	5	224	787
Loss on ordinary activities after taxation and for the financial year		(1,414)	(406)
Profit and loss account deficit brought forward		(279,649)	(279,243)
Profit and loss account deficit carried forward		(281,063)	(279,649)

Turnover and operating loss 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.

Balance sheet
at 31 December 1997

	<i>Note</i>	1997 £	1996 £
Current assets			
Stock	6	4,861,554	610,787
Debtors	7	113,180	438,785
		<hr/>	<hr/>
		4,974,734	1,049,572
 Creditors: Amounts falling due within one year	 8	 (5,205,796)	 (1,279,220)
		<hr/>	<hr/>
Net liabilities		(231,062)	(229,648)
		<hr/> <hr/>	<hr/> <hr/>
 Capital and reserves			
Called up share capital	9	50,001	50,001
Profit and loss account		(281,063)	(279,649)
		<hr/>	<hr/>
Equity shareholders' funds	10	(231,062)	(229,648)
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 3 July 1998 and were signed on its behalf by:



SP Eastwood
Director

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 shareholder has indicated that it intends 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

	1997	1996
	£	£
Bank interest receivable	89	864
	<u> </u>	<u> </u>

3 Directors' emoluments

The directors have neither received nor waived any emoluments during the year (1996: £Nil).

4 Loss on ordinary activities before taxation

	1997	1996
	£	£
<i>Loss on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	1,000	2,000
	<u> </u>	<u> </u>

Notes (continued)

5 Tax on loss on ordinary activities

	1997 £	1996 £
Corporation tax credit for year	-	(424)
Consortium relief at 31.5% (1996: 33%)	(274)	-
	<u>(274)</u>	<u>(424)</u>
Prior year adjustments		
Corporation tax		1,437
Consortium relief	50	(1,800)
	<u>50</u>	<u>(1,800)</u>
Tax credit	<u>(224)</u>	<u>(787)</u>

6 Stock

	1997 £	1996 £
Work in progress	4,861,554	610,787
	<u>4,861,554</u>	<u>610,787</u>

Work in progress is stated net of grants receivable of £6,791,980.

7 Debtors

	1997 £	1996 £
Other debtors	112,532	438,785
Consortium relief receivable	648	-
	<u>113,180</u>	<u>438,785</u>

Notes (continued)

8 Creditors: Amounts falling due within one year

	1997 £	1996 £
Bank overdraft	449,334	311,169
Trade creditors	656,150	385,086
Amounts owed to shareholders (note 12)	4,097,312	579,952
Accruals	3,000	2,000
Corporation tax	-	1,013
	<hr/> 5,205,796 <hr/>	<hr/> 1,279,220 <hr/>

9 Share capital

	1997 £	1996 £
<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/>

10 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
At beginning of year	(229,648)	(229,242)
Loss for the year	(1,414)	(406)
	<hr/>	<hr/>
At end of year	(231,062)	(229,648)
	<hr/>	<hr/>

All shareholders' funds are attributable to equity interests.

11 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)

12 Related parties

At 31 December 1997, 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 1997	193	387	580
Cash advanced/(repaid)	2,331	1,187	3,518
	<hr/>	<hr/>	<hr/>
At 31 December 1997	2,524	1,574	4,098
	<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 contract for enabling works with Tarmac. Approximately £3 million has been paid under the contract in the year to 31 December 1997 and £0.1 million is included in trade creditors. The contract was on normal commercial terms.