

Company Number: 574728

HAMMERSON GROUP MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2002



HAMMERSON GROUP MANAGEMENT LIMITED

Board of Directors

Mr. R.J.G. Richards
Mr. J.A. Bywater
Mr. P.W.B. Cole
Mr. G. Devaux
Mr. S.R. Melliss

Secretary and Registered Office

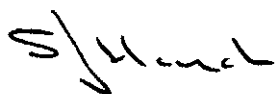
Mr. S.J. Haydon
100 Park Lane
London W1K 7AR

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 100 Park Lane, London W1K 7AR on 31 May 2003 for the following purposes:

1. To receive the report of the directors and financial statements for the year ended 31 December 2002.
2. To re-elect Mr. S.R. Melliss as a director of the Company.
3. To re-appoint Deloitte & Touche as auditors of the Company.
4. To authorise the directors to fix the remuneration of the auditors.

By order of the Board



S.J. Haydon
Secretary
31 July 2003

Registered Office:
100 Park Lane
London W1K 7AR
Registered in England and Wales No. 574728

Notes:

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. That proxy need not also be a member of the Company. Any instrument appointing a proxy must be deposited at the Company's Registered Office by not later than 48 hours before the time fixed for the meeting.

HAMMERSON GROUP MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2002

1. RESULTS AND DIVIDENDS

- (a) The profit for the year was £70,000 (2001: £532,000).
- (b) No dividend was paid or proposed during the year (2001: £nil).

2. PRINCIPAL ACTIVITIES AND REVIEW OF FUTURE PROSPECTS

The principal activities of the Company are the management and administration of the property development and investment activities of Hammerson plc and its subsidiaries in the United Kingdom together with co-ordination and provision of other business services for Hammerson plc and its subsidiaries worldwide. The directors envisage that this will continue for the foreseeable future.

3. DIRECTORS

- (a) Mr. R.J.G. Richards, Mr. J.A. Bywater, Mr. P.W.B. Cole, Mr. G. Devaux and Mr. S.R. Melliss were directors of the Company throughout the year.
- (b) In accordance with the Articles of Association of the Company, Mr. S.R. Melliss retires by rotation and, being eligible, offers himself for re-election.
- (c) None of the directors has any interests in the shares of the Company or the group, except as noted below.
- (d) On 31 December 2002, Mr. R.J.G. Richards, Mr. J.A. Bywater, Mr. P.W.B. Cole, Mr. G. Devaux and Mr. S.R. Melliss were directors of the Company's parent company, Hammerson plc, and their interests in the shares of group companies are given in the financial statements of that company.
- (e) No director has any interest in contracts entered into by the Company.

4. DONATIONS

During the year charitable donations made by the Company amounted to £64,510 (2001: £74,856).

5. FIXED ASSETS

Changes in fixed assets during the year are set out in note 5 to the accounts.

HAMMERSON GROUP MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

Year ended 31 December 2002

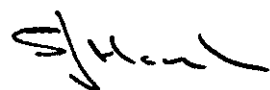
6. SECRETARY

Mr. S.J. Haydon was Secretary of the Company throughout the year.

7. AUDITORS

Deloitte & Touche have indicated their willingness to continue in office in accordance with the provisions of the Companies Act 1985 and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By order of the Board



S.J. Haydon
Secretary
31 July 2003

Registered Office:
100 Park Lane
London, W1K 7AR
Registered in England and Wales No. 574728

HAMMERSON GROUP MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The directors are required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year.

The directors ensure that in preparing financial statements, suitable accounting policies have been applied consistently, reasonable and prudent judgements and estimates made, applicable accounting standards have been followed, and that it is appropriate to use the going concern basis.

The directors are responsible for maintaining adequate accounting records so as to enable them to comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAMMERSON GROUP MANAGEMENT LIMITED

We have audited the financial statements of Hammerson Group Management Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the statement of accounting policies and the related notes 2 to 13. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

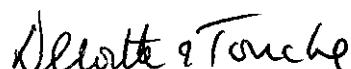
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London
31 July 2003

HAMMERSON GROUP MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

| | Note | 2002 | 2001 |
|---|-------------|--------------|------------------|
| | | £'000 | Restated* |
| | | | £'000 |
| Fees receivable from group companies | | 17,140 | 14,967 |
| Administration expenses | 2 | (16,710) | (14,260) |
| | | ----- | ----- |
| Operating profit | | 430 | 707 |
| Cost of finance | 3 | - | 5 |
| | | ----- | ----- |
| Profit on ordinary activities before taxation | | 430 | 712 |
| Tax | 4 | (360) | (180) |
| | | ----- | ----- |
| Profit for the financial year | 10 | 70 | 532 |
| | | ===== | ===== |

* Restated following the adoption of Financial Reporting Standard 19 "Deferred tax" (see note 1(c)).

All activities derive from continuing operations.

Movements on reserves are set out in note 10.

There are no movements in shareholders' funds for the current and preceding financial years other than as stated in the profit and loss account, with the exception of the prior year adjustment following the adoption of FRS 19, Deferred tax, as set out in note 1(c). Consequently, a separate reconciliation of movements in shareholder's funds is not presented.

HAMMERSON GROUP MANAGEMENT LIMITED

BALANCE SHEET

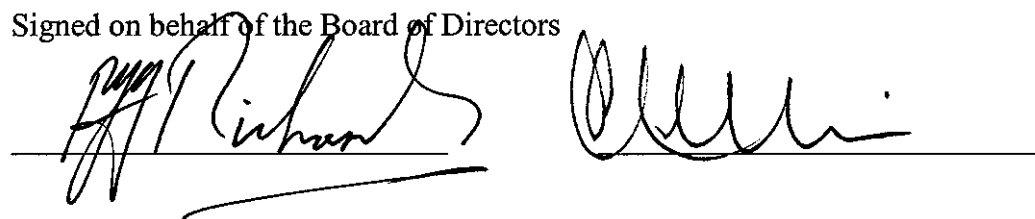
as at 31 December 2002

| | Note | 2002 £'000 | 2001 Restated* £'000 |
|--|------|---------------|----------------------------|
| Tangible fixed assets | | | |
| Land and buildings | 5(a) | 3,045 | 3,096 |
| Fixtures, fittings and equipment | 5(b) | 537 | 434 |
| | | ----- | ----- |
| | | 3,582 | 3,530 |
| | | ----- | ----- |
| Current assets | | | |
| Debtors | 6 | 16,723 | 18,461 |
| Cash at bank and in hand | | 4 | 3 |
| | | ----- | ----- |
| | | 16,727 | 18,464 |
| | | ----- | ----- |
| Creditors: amounts falling due within one year | 7 | (2,984) | (4,467) |
| | | ----- | ----- |
| Net current assets | | 13,743 | 13,997 |
| | | ----- | ----- |
| Total assets less current liabilities | | 17,325 | 17,527 |
| | | ----- | ----- |
| Creditors: amounts falling due after one year | 8 | (756) | (1,028) |
| | | ----- | ----- |
| | | 16,569 | 16,499 |
| | | ===== | ===== |
| Capital and share reserves | | | |
| Called up share capital | 9 | 17,000 | 17,000 |
| Profit and loss account | 10 | (431) | (501) |
| | | ----- | ----- |
| Equity shareholder's funds | | 16,569 | 16,499 |
| | | ===== | ===== |

* Restated following the adoption of Financial Reporting Standard 19 "Deferred tax" (see note 1(c)).

The financial statements were approved by the Board of Directors on 31 July 2003.

Signed on behalf of the Board of Directors



HAMMERSON GROUP MANAGEMENT LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2002

| | 2002 | 2001 |
|--|--------------|----------------------------|
| | £'000 | Restated* £'000 |
| Profit for the financial year | 70 | 532 |
| | ----- | ----- |
| Total recognised gains and losses for the year | 70 | 532 |
| | | ===== |
| Prior year adjustment* | 720 | |
| | ----- | |
| Total gains and losses recognised since the last annual report | 790 | |
| | ===== | |

* Restated following the adoption of Financial Reporting Standard 19 "Deferred tax" (see note 1(c)).

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with all applicable accounting standards. The financial statements are in compliance with the Companies Act 1985.

(b) Depreciation

Land and buildings

Depreciation is provided on a straight line basis on the Company's short leasehold property over the remaining life of the lease.

Fixtures, fittings and equipment

Depreciation is provided on a straight line basis, having regard to their estimated useful lives of between three and five years.

(c) Deferred tax

In accordance with Financial Reporting Standard 19 ("FRS 19"), deferred tax is now provided in respect of all timing differences that may give rise to an obligation to pay more or less tax in the future. Comparative figures have been restated following the adoption of FRS 19, the effect of which is to increase debtors and shareholder's funds by £720,000 at 31 December 2001 and by £360,000 at 31 December 2002 and to reduce the profit for the year ended 31 December 2001 by £180,000 and the profit for the year ended 31 December 2002 by £360,000.

(d) Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

2. ADMINISTRATION EXPENSES

| | 2002 | 2001 |
|--|---------------|---------------|
| | £'000 | £'000 |
| (a) Administration expenses | | |
| Auditors' remuneration: | | |
| Audit fees | 520 | 228 |
| Other fees | 59 | 24 |
| Depreciation | 276 | 274 |
| Staff costs (note 2(b)) | 10,182 | 8,904 |
| Profit on sale of fixed assets | (4) | (2) |
| Other costs | 5,677 | 4,832 |
| | <u>16,710</u> | <u>14,260</u> |
| | | |
| | 2002 | 2001 |
| | £'000 | £'000 |
| (b) Staff costs (including directors): | | |
| Wages and salaries | 7,227 | 6,660 |
| Social security costs | 854 | 736 |
| Other pension costs | 2,101 | 1,508 |
| | <u>10,182</u> | <u>8,904</u> |
| | | |
| (c) The average weekly number of persons employed by the Company during the year was as follows: | | |
| | 2002 | 2001 |
| | Number | Number |
| Administrative staff | <u>110</u> | <u>108</u> |
| | | |
| (d) Administration expenses include the following charges: | | |
| | 2002 | 2001 |
| | £'000 | £'000 |
| Directors' emoluments (excluding pension contributions): | | |
| Total emoluments in aggregate | <u>1,445</u> | <u>1,440</u> |

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

2. ADMINISTRATION EXPENSES (continued)

Directors' emoluments relate to services performed for the group as a whole. These are not apportioned directly to Hammerson plc subsidiaries.

The highest paid director in the current and preceding financial years was R.J.G. Richards, whose emoluments excluding pension contributions were £406,000 (2001: £391,000). His accrued pension entitlement at the end of the year was £135,000 (2001: £122,000).

| | 2002 Number | 2001 Number |
|---|----------------|----------------|
| Number of directors who are members of a defined benefit pension scheme | 5 | 5 |

3. COST OF FINANCE

| | 2002 £'000 | 2001 £'000 |
|---------------------------|---------------|---------------|
| Other interest receivable | - | 5 |

4. TAX

a) Analysis of charge in period

| | 2002 £'000 | 2001 Restated* £'000 |
|---------------------|---------------|----------------------------|
| Deferred tax charge | 360 | 180 |

* Restated following the adoption of Financial Reporting Standard 19 "Deferred tax" (see note 1(c)).

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

4. TAX (continued)

b) Tax reconciliation

| | 2002 | 2001 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Profit on ordinary activities before tax | 430 | 712 |
| | ----- | ----- |
| Profit multiplied by UK Corporation tax rate of 30% | 129 | 214 |
| Effects of : | | |
| Timing differences | (395) | (113) |
| Permanent differences | 33 | 30 |
| Group relief surrendered without payment | 233 | (131) |
| | ----- | ----- |
| Current tax charge for period | - | - |
| | ===== | ===== |

It is envisaged that for the foreseeable future the company will not bear current tax as it is the policy of the Hammerson Group to surrender group relief without payment.

c) Deferred tax

| | 2002 | 2001 |
|-----------------------------------|--------------|------------------|
| | £'000 | Restated* |
| | | £'000 |
| Deferred tax asset | | |
| Short term timing differences | 360 | 720 |
| | ===== | ===== |
| Movement in period: | | |
| Opening deferred tax asset | 720 | |
| Charge in profit and loss account | (360) | |
| | ----- | |
| Closing deferred tax asset | 360 | |
| | ===== | |

* Restated following the adoption of Financial Reporting Standard 19 "Deferred tax" (see note 1(c)).

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

5. TANGIBLE FIXED ASSETS

(a) Land and buildings

| The movements in leasehold property in the year were: | Cost £'000 | Depreciation £'000 | Net book value £'000 |
|---|---------------|-----------------------|-------------------------|
| At 1 January 2002 | 3,277 | (181) | 3,096 |
| Additions | 46 | - | 46 |
| Charge for the year | - | (97) | (97) |
| | ----- | ----- | ----- |
| At 31 December 2002 | 3,323 | (278) | 3,045 |
| | ===== | ===== | ===== |

The Company's short leasehold property has been valued at 31 December 2002 at market value of £5,370,000 (2001: £6,750,000) by DTZ Debenham Tie Leung, property advisors.

(b) Fixtures, fittings and equipment

| The movements in the year were: | Cost £'000 | Depreciation £'000 | Net book value £'000 |
|---------------------------------|---------------|-----------------------|-------------------------|
| At 1 January 2002 | 1,942 | (1,508) | 434 |
| Additions | 284 | - | 284 |
| Disposals | (19) | 19 | - |
| Charge for the year | - | (181) | (181) |
| | ----- | ----- | ----- |
| At 31 December 2002 | 2,207 | (1,670) | 537 |
| | ===== | ===== | ===== |

6. DEBTORS

| | 2002 £'000 | 2001 Restated* £'000 |
|--|---------------|----------------------------|
| Amounts owed by fellow subsidiary undertakings | 6,188 | 2,685 |
| Amounts owed by ultimate parent company | 9,422 | 14,123 |
| Deferred tax | 360 | 720 |
| Other debtors | 229 | 550 |
| Prepayments | 524 | 383 |
| | ----- | ----- |
| | 16,723 | 18,461 |
| | ===== | ===== |

* Restated following the adoption of FRS 19 "Deferred tax" (see note 1(c)).

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2002 £'000 | 2001 £'000 |
|--|---------------|---------------|
| Bank overdraft (unsecured) | 23 | 174 |
| Trade creditors | 17 | 31 |
| Amounts owed to fellow subsidiary undertakings | 1 | 477 |
| Other creditors | 1,213 | 2,121 |
| Accruals | 1,730 | 1,664 |
| | ----- | ----- |
| | 2,984 | 4,467 |
| | ===== | ===== |

8. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | 2002 £'000 | 2001 £'000 |
|--|---------------|---------------|
| Unfunded pension commitments (Note 11) | 756 | 1,028 |
| | ===== | ===== |

9. CALLED UP SHARE CAPITAL

| | 2002 £'000 | 2001 £'000 |
|---------------------------------------|---------------|---------------|
| Authorised: | | |
| 20,000,000 ordinary shares of £1 each | 20,000 | 20,000 |
| | ===== | ===== |
| Called up, issued and fully paid: | | |
| 17,000,000 ordinary shares of £1 each | 17,000 | 17,000 |
| | ===== | ===== |

10. PROFIT AND LOSS ACCOUNT

| | £'000 |
|------------------------------|------------------|
| | Restated* |
| At 1 January 2002 | (501) |
| Retained profit for the year | 70 |
| | ----- |
| At 31 December 2002 | (431) |
| | ===== |

* Restated following the adoption of FRS Standard 19 "Deferred tax" (see note 1(c)).

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

11. PENSIONS

The Company operates the following pension schemes:

| | 2002 | | 2001 | |
|--|------------------------------------|--|------------------------------------|--|
| | Net pension expense £'000 | Unfunded pension commitment £'000 | Net pension expense £'000 | Unfunded pension commitment £'000 |
| Defined benefit | | | | |
| Hammerson Group Management Pension & Life Assurance Scheme | 1,722 | - | 1,150 | - |
| UK unfunded unapproved retirement benefit scheme | 274 | 756 | 344 | 1,028 |
| Other | | | | |
| UK funded unapproved retirement benefit scheme | 95 | - | - | - |
| | <u>2,091</u> | <u>756</u> | <u>1,494</u> | <u>1,028</u> |

Hammerson Group Management Pension & Life Assurance Scheme ("the Scheme")

The funds of the Scheme are administered by trustees and are independent of the group's finances. The Scheme was closed to new entrants with effect from 1 January 2003 and a Group Personal Pension Plan has been established for new employees.

Contributions to the Scheme have been assessed in accordance with the advice of a qualified actuary using the projected unit credit method. An actuarial investigation for SSAP 24 "Accounting for pension costs" purposes was carried out at 1 April 2002.

Principal actuarial assumptions

| | 1 April 2002 |
|----------------------------------|---------------|
| Rate of investment return | 7.0% |
| Increase in pensionable salaries | 4.5% |
| Increase in retail price index | 3.0% |
| Increase in pensions in payment | 3.0% |
| Valuation of investments | Market values |

At the date of this latest actuarial investigation, the market value of the assets was £19,800,000 and the actuarial value of the assets was sufficient to cover 85% of the benefits that had accrued to members after fully allowing for future salary increases. In calculating the net pensions expense the deficit is amortised over the remaining expected service lives of the employees on an annuity basis. As far as cash contributions are concerned, the deficit is being recovered over a ten year period as a percentage of salary, in accordance with statutory requirements.

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

11. PENSIONS (continued)

Financial Reporting Standard 17 "Retirement Benefits" ("FRS 17")

The full requirements of FRS 17 must be adopted for accounting periods beginning on or after 1 January 2005. The following information is disclosed for the Scheme in line with the transitional arrangements of FRS 17:

Principal actuarial assumptions for FRS 17

| | 2002 | 2001 |
|--------------------------------------|------|------|
| Discount rate for scheme liabilities | 5.5% | 6.0% |
| Increase in pensionable salaries | 4.0% | 4.5% |
| Increase in retail price index | 2.0% | 2.0% |
| Increase in pensions in payment | 2.0% | 2.0% |

Scheme assets and expected rates of return

| | 2002 | | 2001 | |
|------------------------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
| | Long term rate of return % | Value of scheme £'000 | Long term rate of return % | Value of scheme £'000 |
| UK fixed interest securities | 5.50 | 3,087 | 6.0 | 4,323 |
| UK equities | 7.75 | 8,769 | 7.0 | 11,567 |
| Overseas equities | 8.25 | 3,808 | 7.5 | 4,712 |
| Cash | 2.50 | 2,003 | 3.0 | 300 |
| | | ----- | | ----- |
| Fair value of assets | | 17,667 | | 20,902 |
| Present value of liabilities | | (26,598) | | (24,916) |
| | | ----- | | ----- |
| Deficit in scheme | | (8,931) | | (4,014) |
| Related deferred tax asset | | 2,679 | | 1,204 |
| | | ----- | | ----- |
| Net pension liability | | <u>(6,252)</u> | | <u>(2,810)</u> |

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

11. PENSIONS (continued)

UK unfunded unapproved retirement benefit scheme

Details of this scheme are disclosed in the Remuneration Report in the Directors' Report and Financial Statements of the Company's ultimate holding company, Hammerson plc. The value of the unfunded commitment at 31 December 2002 amounted to £756,000 (2001: £1,028,000). This liability has been included in creditors due after more than one year on the Company's balance sheet.

The assumptions used for the purposes of the FRS 17 valuation of the scheme are the same as those used for the Hammerson Group Management Pension & Life Assurance Scheme. The liability under the scheme was £756,000 at 31 December 2002 (2001: £1,028,000).

Amounts which would be recognised in the profit and loss account under FRS 17 in respect of Hammerson's defined benefit schemes

| | 2002 |
|--|--------------|
| | £'000 |
| Amounts to be included within operating profit: | |
| Current service cost | 1,547 |
| | ----- |
| Amounts to be included as other finance costs: | |
| Expected return on scheme assets | (1,431) |
| Interest cost on scheme liabilities | 1,895 |
| | ----- |
| Net finance charge | 464 |
| | ===== |

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

11. PENSIONS (continued)

Amounts which would be recognised in the statement of total recognised gains and losses under FRS 17

| | 2002 | % of |
|--|-------|-------------|
| | | present |
| | | value of |
| | | scheme |
| | | assets/ |
| | £'000 | liabilities |
| Difference between actual and expected return on scheme assets | 5,105 | 28.9 |
| Experience gains arising on scheme liabilities | (66) | 0.2 |
| Effects of changes in assumptions underlying the present value of scheme liabilities | 1,093 | 4.1 |
| | ----- | ----- |
| Total losses recognised in the statement of total recognised gains and losses | 6,132 | 23.1 |
| | ===== | ===== |

Movement in the Company's net pension liability in the year

| | 2002 |
|----------------------|---------|
| | £'000 |
| At 1 January 2002 | (5,042) |
| Current service cost | (1,547) |
| Contributions | 2,800 |
| Settlements | 698 |
| Net finance charge | (464) |
| Actuarial loss | (6,132) |
| | ----- |
| At 31 December 2002 | (9,687) |
| | ===== |

The Company's balance sheet includes pension liabilities of £756,000 and pension related deferred tax assets of £360,000. Were FRS 17 to be fully adopted, pension liabilities would increase by £8,931,000, deferred tax assets would increase by £2,319,000 and net asset would decrease by £6,612,000 (2001: £3,530,000).

HAMMERSON GROUP MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

12. CASH FLOW AND RELATED PARTY DISCLOSURE

As the Company is a wholly owned subsidiary it has taken exemption under the terms of Financial Reporting Standard 1 (revised 1996) from preparing a cash flow statement, as it is included in the consolidated financial statements of Hammerson plc, which are publicly available. The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Hammerson plc group.

In the opinion of the directors there are no other related party transactions to be disclosed during the current or preceding years.

13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The parent company and ultimate controlling party is Hammerson plc which is incorporated in Great Britain and is the parent of the smallest and largest group to consolidate these financial statements. Copies of its financial statements are available from that company's registered office, 100 Park Lane, London W1K 7AR.