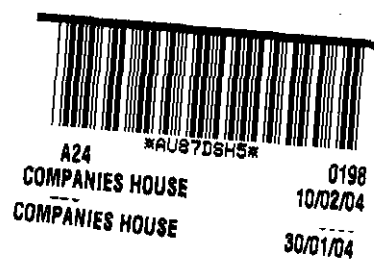


Company Registration No. 1586826 (England and Wales)

**HAWK DEVELOPMENT MANAGEMENT PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2003**



**BERG KAPROW LEWIS LLP**

Chartered Accountants  
London

# HAWK DEVELOPMENT MANAGEMENT PLC

## COMPANY INFORMATION

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<b>Directors</b>	W W Frischmann CBE S S Prabhu
<b>Secretary</b>	L S Roberts
<b>Company number</b>	1586826
<b>Registered office</b>	5 Manchester Square London W1M 5RE
<b>Auditors</b>	Berg Kaprow Lewis LLP Chartered Accountants 35 Ballards Lane London N3 1XW
<b>Bankers</b>	Barclays Bank plc P. O. Box 544 54 Lombard Street London EC3V 9EX

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# HAWK DEVELOPMENT MANAGEMENT PLC

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# **HAWK DEVELOPMENT MANAGEMENT PLC**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003**

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The directors present their report and financial statements for the year ended 31 March 2003.

### **Principal activities and review of the business**

The principal activity of the company during the year was that of development management.

We are reviewing the opportunity to extend the activities of Hawk into the field of housing and mixed-use development, building on our established relationship with English Partnerships and other public sector landholders.

We are also in discussions with a number of first time private sector residential developers, and in addition we are exploring potential partnerships with a number of property consulting companies to provide development management services on a joint basis.

All members of staff employed by the group as a whole are available to any company within the group dependent upon the demand or resources of the constituent company.

### **Results and dividends**

The results for the year are set out on page 4.

### **Directors**

The following directors have held office since 1 April 2002:

W W Frischmann CBE

S S Prabhu

### **Directors' interests**

*None of the directors had any beneficial interests in the shares of the company.*

Directors' interest in the ultimate parent undertaking is given in note 15 to the financial statements.

### **Directors' insurance**

Directors' and officers' liability insurance has been maintained by the company during the year.

### **Creditor payment policy**

The company follows a standard code for payment of creditors and ensures that the finance department is aware of this policy and as far as possible adheres to it. It is the company's policy to agree terms of payment with each supplier and to abide as far as possible by those terms.

### **Auditors**

During the year Berg Kaprow Lewis acted as auditor to the company until 1 April 2003. On 1 April 2003, Berg Kaprow Lewis transferred its business to a limited liability partnership, Berg Kaprow Lewis LLP, incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Berg Kaprow Lewis as extending to Berg Kaprow Lewis LLP with effect from 1 April 2003. A resolution to re-appoint Berg Kaprow Lewis LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

# HAWK DEVELOPMENT MANAGEMENT PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

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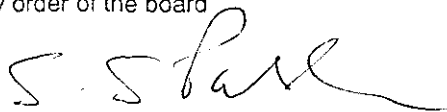
### Directors' responsibilities

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 of the company 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.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



.....  
SS Prabhu

Director

30-01-2004  
.....

# HAWK DEVELOPMENT MANAGEMENT PLC

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAWK DEVELOPMENT MANAGEMENT PLC

We have audited the financial statements of Hawk Development Management Plc on pages 4 to 11 for the year ended 31 March 2003. These financial statements have been prepared under the historical cost convention and 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 which we are required to state to them in an auditor's 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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.

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

### 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.

### Qualified opinion arising from disagreement about accounting treatment.

In our opinion, the financial statements should disclose the following matter. The company operates a defined benefit pension scheme on behalf of its employees. The directors have partially complied with the disclosure requirements of Financial Reporting Standard 17- Retirement Benefits due to the unavailability of information in respect of any pension scheme surpluses or deficits, from the pension scheme actuary. This partial disclosure has no effect on the results disclosed within these financial statements.

Except for the absence of the disclosure referred to in the paragraph above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Berg Kaprow Lewis LLP

*Berg Kaprow Lewis LLP*  
Chartered Accountants  
Registered Auditor

30-1-2004

Chartered Accountants  
35 Ballards Lane  
London N3 1XW

# HAWK DEVELOPMENT MANAGEMENT PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
Turnover	2	43,004	50,391
Cost of sales		1,089	(14,318)
<b>Gross profit</b>		<b>44,093</b>	<b>36,073</b>
Administrative expenses		(41,642)	(35,507)
<b>Operating (loss)/profit</b>	3	<b>2,451</b>	<b>566</b>
Other interest receivable and similar income		-	10
Interest payable and similar charges	4	(1)	-
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>2,450</b>	<b>576</b>
Tax on (loss)/profit on ordinary activities	5	16,183	-
<b>Profit on ordinary activities after taxation</b>	11	<b>18,633</b>	<b>576</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# HAWK DEVELOPMENT MANAGEMENT PLC

## BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	6		7,558		7,558
<b>Current assets</b>					
Debtors	7	68,727		57,009	
Cash at bank and in hand		1,000		1,085	
		69,727		58,094	
<b>Creditors: amounts falling due within one year</b>	8	(19,236)		(26,236)	
<b>Net current assets</b>			50,491		31,858
<b>Total assets less current liabilities</b>			58,049		39,416
<b>Capital and reserves</b>					
Called up share capital	10		12,502		12,502
Profit and loss account	11		45,547		26,914
<b>Shareholders' funds - equity interests</b>	12		58,049		39,416

The financial statements were approved by the Board on 30-01-04

*W W Frischmann*

W W Frischmann CBE  
Director



# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and are in accordance with applicable accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### 1.2 Turnover

Turnover represents fees receivable and reimbursables for services rendered exclusive of Value Added Tax.

Turnover is included in respect of long-term contracts according to the stage of completion of each contract.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	25% Straight line
Fixtures and equipment	25% Reducing balance

No depreciation is provided on freehold buildings on the grounds that it would be immaterial.

#### 1.4 Pensions

The majority of the company's employees belong to the Hawk Development Management Plc Retirement and Death Benefits Scheme which is funded by both employer's and employees' contributions and which is of the defined benefit type. The pension cost is assessed in accordance with the advice of an independent qualified actuary.

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the estimated working lives of employees. All material shortfalls or surpluses in the pension fund are spread over the average remaining service lives of current employees.

#### 1.5 Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

#### 1.6 Long term contracts

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

### 2 Turnover

#### Geographical market

	2003 £	2002 £
United Kingdom	43,004	50,391
	<u>43,004</u>	<u>50,391</u>

### 3 Operating (loss)/profit

Operating (loss)/profit is stated after charging:  
Auditors' remuneration

	2003 £	2002 £
	4,000	3,000
	<u>4,000</u>	<u>3,000</u>

### 4 Interest payable

On bank loans and overdrafts

	2003 £	2002 £
	1	-
	<u>1</u>	<u>-</u>

### 5 Taxation

#### Domestic current year tax

U.K. corporation tax

Adjustment for prior years

	2003 £	2002 £
U.K. corporation tax	636	-
Adjustment for prior years	(16,819)	-
	<u>(16,183)</u>	<u>-</u>

#### Current tax charge

#### Factors affecting the tax charge for the year

(Loss)/profit on ordinary activities before taxation

	2003	2002
(Loss)/profit on ordinary activities before taxation	2,450	576
	<u>2,450</u>	<u>576</u>

(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 : 30.00 %)

	2003	2002
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 : 30.00 %)	735	173
	<u>735</u>	<u>173</u>

Effects of:

Capital allowances

Tax losses utilised

Other tax adjustments

	2003	2002
Capital allowances	(235)	(313)
Tax losses utilised	(16,819)	140
Other tax adjustments	136	-
	<u>(16,918)</u>	<u>(173)</u>

#### Current tax charge

	2003	2002
Current tax charge	(16,183)	-
	<u>(16,183)</u>	<u>-</u>

# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

### 6 Tangible fixed assets

	Land and buildings Freehold	Computer equipment	Fixtures and equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2002 & at 31 March 2003	7,558	22,858	11,806	42,222
<b>Depreciation</b>				
At 1 April 2002 & at 31 March 2003	-	22,858	11,806	34,664
<b>Net book value</b>				
At 31 March 2003	7,558	-	-	7,558
At 31 March 2002	7,558	-	-	7,558

### 7 Debtors

	2003	2002
	£	£
Trade debtors	-	2,385
Amounts owed by parent and fellow subsidiary undertakings	63,249	27,846
Other debtors	5,478	2,452
Prepayments and accrued income	-	24,326
	68,727	57,009

### 8 Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	1,350	568
Trade creditors	200	11,654
Amounts owed to parent and fellow subsidiary undertakings	9,597	9,597
Taxes and social security costs	-	532
Other creditors	1,089	903
Accruals and deferred income	7,000	2,982
	19,236	26,236

# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

### 9 Pension costs

The company operates a defined benefit pension scheme, covering the majority of its employees, which is funded through a separate trustee administered fund.

The most recent actuarial valuation of the scheme was carried out as at 5 April 1999 using the attained age method. The assumptions which have the most significant affect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 8.5% per annum, that dividends would average 4.5% per annum, salary increases would average 6.5% per annum and that present and future pensions would increase at the rate of 4% per annum.

At the date of valuation, the total market value of the scheme's assets was £823,544 and the actuarial valuation of the assets was sufficient overall to cover all the benefits that had accrued to the members to that date, after allowing for assumed future increases in earnings and subject to improvements in benefits.

The actuary recommended that the company contributes to the scheme at the rate of 21.1% of the pensionable salaries of the members.

The pension contributions payable by the company for the year ended 31 March 2003 were £4,282 (2002 : £3,486). The unpaid contributions at the year end, included in 'other creditors' amounted to £453 (2002 : £Nil).

10 Share capital	2003 £	2002 £
<b>Authorised</b>		
100,000 Ordinary shares of £ 1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £ 1 each	<u>2</u>	<u>2</u>
<b>Allotted, called up and partly paid</b>		
49,998 Ordinary shares of 25p each	<u>12,500</u>	<u>12,500</u>

### 11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2002	26,914
Retained profit for the year	18,633
Balance at 31 March 2003	<u>45,547</u>

# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

12 Reconciliation of movements in shareholders' funds	2003 £	2002 £
Profit for the financial year	18,633	576
Opening shareholders' funds	39,416	38,840
	<u>58,049</u>	<u>39,416</u>
Closing shareholders' funds	<u>58,049</u>	<u>39,416</u>

### 13 Contingent liabilities

There are unquantified contingent liabilities in the normal course of business arising under engineering contracts and the company is covered by professional indemnity insurance in respect of any claims.

### 14 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Administration	<u>1</u>	<u>1</u>

#### Employment costs

	£	£
Wages and salaries	19,469	18,904
Social security costs	1,618	1,345
Other pension costs	2,257	3,486
	<u>23,344</u>	<u>23,735</u>

# **HAWK DEVELOPMENT MANAGEMENT PLC**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003**

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### **15 Control**

The company is a wholly owned subsidiary of Universal Project Management Services Limited, itself a wholly owned subsidiary of Pell Frischmann Group Ltd.

The ultimate parent undertaking is Pell Frischmann Holdings Limited, a company incorporated in England and Wales, which prepares group financial statements.

Copies of the group financial statements of Pell Frischmann Holdings Limited can be obtained from Mrs L S Roberts, the company secretary, at the following address:

5 Manchester Square  
London W1A 1AU  
Tel: 020 7486-3661

The directors, W W Frischmann and S S Prabhu are also directors of Pell Frischmann Holdings Limited and details of their interest in the shares of that company are disclosed in its report and financial statements.

### **Independence**

Until 7 October 2002, D J Whiscombe, a principal of Berg Kaprow Lewis LLP (the company's auditors), was a trustee of The Sudhu Prabhu Family Trust which held 14.97% of the issued share capital of Pell Frischmann Holdings Limited. On 7 October 2002, D J Whiscombe resigned as trustee of the trust. Another principal of Berg Kaprow Lewis LLP acts as audit engagement principal.

### **16 Related party transactions**

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 in respect of disclosure of transactions with other group undertakings.