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Company Registration No. 1586826 (England and Wales)

**HAWK DEVELOPMENT MANAGEMENT PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**



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# HAWK DEVELOPMENT MANAGEMENT PLC

## COMPANY INFORMATION

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<b>Directors</b>	Dr W W Frischmann S S Prabhu
<b>Secretary</b>	L S Roberts
<b>Company number</b>	1586826
<b>Registered office</b>	5 Manchester Square London W1A 1AU
<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 2006**

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The directors present their report and financial statements for the year ended 31 March 2006.

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

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

In partnership with London & General Property Limited we have been short listed for development opportunities in the Channel Islands and Isle of Man.

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.

The company operates a defined benefit pension scheme. The scheme's funds are administered by trustees and are independent of the company's finances. Contributions are paid to the schemes in accordance with the recommendations of a qualified independent actuary, Scottish Equitable.

The Scheme's Actuary has recommended that as from 5 April 2006 the company contributes to the scheme at the rate of 124.7% of pensionable salaries of the contributing member, followed by 63.5% of the pensionable payroll plus £3,850 per month for 18 years. The company had previously contributed at 91.8% of pensionable salaries from 8 September 2003.

The Scheme's Actuary has certified that these contributions are adequate for the purpose of securing that by the end of this 18 year period the scheme will meet the minimum funding requirement imposed by section 56(1) of the Pensions Act 1995.

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 5.

### **Directors**

The following directors have held office since 1 April 2005:

W W Frischmann  
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. A copy of this policy is available from the Company Secretary at the Registered Office.

# HAWK DEVELOPMENT MANAGEMENT PLC

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

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### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Berg Kaprow Lewis LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

### Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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.

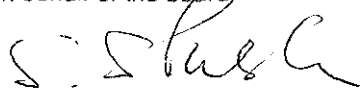
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



S S Prabhu

Director

31-10-2006

# **HAWK DEVELOPMENT MANAGEMENT PLC**

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

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We have audited the financial statements of Hawk Development Management Plc for the year ended 31 March 2006 set out on pages 5 to 15. 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 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 or 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

# HAWK DEVELOPMENT MANAGEMENT PLC

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

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### Opinion

In our opinion, the financial statements

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended ;
- the information given in the directors' report is consistent with the financial statements; and
- have been properly prepared in accordance with the Companies Act 1985.

*Berg Kaprow Lewis LLP*

Berg Kaprow Lewis LLP

*31-10-2006*

Chartered Accountants

Registered Auditor

Chartered Accountants

35 Ballards Lane

London

N3 1XW

# HAWK DEVELOPMENT MANAGEMENT PLC

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 £
Turnover	2	169,194	104,816
Cost of sales		(66,814)	-
Gross profit		102,380	104,816
Administrative expenses		(90,352)	(61,775)
Operating profit	3	12,028	43,041
Interest payable and similar charges	4	(9,000)	-
Profit on ordinary activities before taxation		3,028	43,041
Tax on profit on ordinary activities	5	(4,511)	(8,417)
(Loss)/profit for the year	11	(1,483)	34,624

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



# HAWK DEVELOPMENT MANAGEMENT PLC

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2006

		2006	2005
	Notes	£	as restated £
(Loss)/profit for the financial year		(1,483)	34,624
Actuarial gain/(loss) on pension scheme	9	31,000	(345,000)
Movement on deferred tax relating to pension liability	9	(7,410)	65,550
Total recognised gains and losses relating to the year		<u>22,107</u>	<u>(244,826)</u>


# HAWK DEVELOPMENT MANAGEMENT PLC

## BALANCE SHEET AS AT 31 MARCH 2006

		2006		2005 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6		7,558		7,558
<b>Current assets</b>					
Debtors	7	284,015		137,838	
Cash at bank and in hand		264		68	
		<u>284,279</u>		<u>137,906</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(200,230)</u>		<u>(44,374)</u>	
<b>Net current assets</b>			84,049		93,532
<b>Total assets less current liabilities</b>			91,607		101,090
<b>Pension scheme liability*</b>	9		<u>(247,860)</u>		<u>(279,450)</u>
			<u>(156,253)</u>		<u>(178,360)</u>
<b>Capital and reserves</b>					
Called up share capital	10		12,502		12,502
Profit and loss account	11		<u>(168,755)</u>		<u>(190,862)</u>
<b>Shareholders' funds</b>	12		<u>(156,253)</u>		<u>(178,360)</u>

\* The pension scheme deficit is being reduced by additional company contributions into the scheme over an 18 year period.

Approved by the Board and authorised for issue on 31-12-2006



W W Frischmann  
Director

# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

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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 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.

The operating, financing and deferred tax costs of the scheme are recognised separately in the profit and loss account. Service costs are spread over the period over which the employees' benefits accrue. Administration and other costs are charged to the profit and loss account when incurred. Financing and costs and deferred tax movements are recognised in the periods in which they arise.

Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

#### 1.5 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

#### 1.6 Basis of preparing financial statements

At the balance sheet date the company's net liabilities exceeded its assets. The financial statements have been prepared on the going concern basis as in the opinion of the directors the company will receive continued support from other companies in the Pell Frischmann Group of companies for the foreseeable future.

# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 2 Turnover

#### Geographical market

	Turnover 2006 £	2005 £
United Kingdom	169,164	104,816
	<u>169,164</u>	<u>104,816</u>

### 3 Operating profit

	2006 £	2005 £
Operating profit is stated after charging: Auditors' remuneration	5,250	5,500
	<u>5,250</u>	<u>5,500</u>

### 4 Interest payable

	2006 £	2005 £
Other finance costs	9,000	-
	<u>9,000</u>	<u>-</u>

### 5 Taxation

	2006 £	2005 £
<b>Domestic current year tax</b>		
U.K. corporation tax	450	8,000
Adjustment for prior years	4,061	417
	<u>4,511</u>	<u>8,417</u>
<b>Current tax charge</b>		

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

Profit on ordinary activities before taxation	3,028	43,041
	<u>3,028</u>	<u>43,041</u>

Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005: 19.00%)

	575	8,178
Effects of:		
Capital allowances	(98)	(84)
Adjustments to previous periods	4,061	417
Other tax adjustments	(27)	(94)
	<u>3,936</u>	<u>239</u>

<b>Current tax charge</b>	<u>4,511</u>	<u>8,417</u>
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# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 6 Tangible fixed assets

	Land and buildings Freehold	Computer equipment	Fixtures and equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2005 & at 31 March 2006	7,558	22,859	11,807	42,224
<b>Depreciation</b>				
At 1 April 2005 & at 31 March 2006	-	22,859	11,807	34,666
<b>Net book value</b>				
At 31 March 2006	7,558	-	-	7,558
At 31 March 2005	7,558	-	-	7,558

### 7 Debtors

	2006 £	2005 £
Trade debtors	1,057	-
Amounts owed by parent and fellow subsidiary undertakings	262,829	121,311
Other debtors	7,076	16,527
Prepayments and accrued income	13,053	-
	<u>284,015</u>	<u>137,838</u>

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

	2006 £	2005 £
Trade creditors	31,867	-
Amounts owed to parent and fellow subsidiary undertakings	130,594	7,798
Corporation tax	450	8,000
Accruals and deferred income	37,319	28,576
	<u>200,230</u>	<u>44,374</u>

# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

### 9 Pension costs

#### Defined benefit

The company operates a defined benefit pension scheme. The most recent full actuarial valuation was as at 31 March 2005 and was carried out by a qualified independent actuary.

The pension contributions payable by the company for the year ended 31 March 2006 were £25,448 (2005-£17,717). All contributions were paid during the year.

The scheme's actuary, Scottish Equitable, has recommended that as from 5 April 2006, the company contributes to the scheme at the rate of 124.7% of pensionable salaries of the contributing member, followed by 63.5% of the pensionable payroll plus £3,850 per month for 18 years. The company had previously contributed at 91.8% of pensionable salaries from 8 September 2003.

The scheme's actuary has certified that these contributions are adequate for the purpose of securing that by the end of this 18 year period the scheme will meet the minimum funding requirement imposed by section 56(1) of the Pensions Act 1995.

#### The major assumptions used by the actuary were:

	2006 %	2005 %
Rate of increase in salaries	2.8	2.7
(i) Rate of increase of pensions payment accrued on or after 6 April 2005 (Limited Price Indexation)	2.1	N/A
Rate of increase of pensions payment accrued on or after 6 April 1997 and before 6 April 2005 (Limited Price Indexaton)	2.8	2.7
Rate of increase of pensions in payment accrued before 6 April 1997	3.0	3.0
(ii) Future rate of increase of pensions in deferment (in excess of GMPS)	2.8	2.7
Discount rate	5.6	5.6
Inflation assumption	2.8	2.7

#### The long term expected rates of return are as follows:

	2006 %	2005 %
Equities	8.1	8.3
Bonds	5.1	5.6
Other assets	4.5	4.75

# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 9 Pension costs - continued

The assets in the scheme are as follows:

	2006 £	2005 £
Equities	344,000	416,000
Bonds	336,000	415,000
Other assets	18,000	34,000
Total market value of assets	698,000	865,000
Present value of scheme liabilities	(1,004,000)	(1,210,000)
Deficit in scheme	(306,000)	(345,000)
Related deferred tax liability	58,140	65,550
Net pension liability	(247,860)	(279,450)

	2006 £	2005 £
<b>Analysis of the amount charged to operating profit:</b>		
Current service cost	(3,000)	-
	(3,000)	-

	2006 £	2005 £
<b>Analysis of the amount credited/(charged) to other finance income:</b>		
Expected return on pension scheme assets	51,000	-
Interest costs	(60,000)	-
	(9,000)	-

# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 9 Pension costs - continued

	2006 £	2005 £
<b>Movement in surplus during the year:</b>		
Surplus/(deficit) at the beginning of the year	(345,000)	-
Movement in year:		
Current service cost	(3,000)	-
Contributions	20,000	-
Financial costs	(9,000)	-
Actuarial gain or loss in the statement of recognised gains and losses (STRGL)	31,000	(345,000)
	<u>(306,000)</u>	<u>(345,000)</u>

Because of the unavailability of sufficient details for the previous year, the deficit brought forward at 1 April 2005 could not be analysed to the profit and loss account and prior year adjustment in the Statement of total recognised gains and losses. This lack of disclosure, however, has no effect on the reported figures in the current and prior year's balance sheets.

	2006 £	2005 £
<b>Analysis of the amount recognised in the STRGL:</b>		
Actual return less expected return on assets	44,000	(345,000)
Experience gains/(losses) on the liabilities	(13,000)	-
	<u>31,000</u>	<u>(345,000)</u>
Actuarial gain/(loss) recognised in the STRGL		

	2006 £	2005 £
<b>History of experience gains and losses:</b>		
Difference between the actual and expected return on assets	44,000	-
- as a % of scheme assets	6.3%	-
Experience gains/(losses) on liabilities	(13,000)	-
- as % of liabilities	-1.1%	-
Total amount recognised in the STRGL	31,000	(345,000)
- as % of liabilities	3.08%	-28.51%



# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

<b>10 Share capital</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>
<b>Allotted, called up and partly paid</b>		
49,998 Ordinary shares of 25p each	12,500	12,500
	<u>          </u>	<u>          </u>
<b>11 Statement of movements on profit and loss account</b>		<b>Profit and loss account £</b>
Balance at 1 April 2005		(190,862)
Loss for the year		(1,483)
Movement on deferred tax relating to pension asset		(7,410)
Actuarial gains or losses on pension scheme assets		31,000
		<u>          </u>
Balance at 31 March 2006		(168,755)
		<u>          </u>
<b>12 Reconciliation of movements in shareholders' funds</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
(Loss)/Profit for the financial year	(1,483)	34,624
Other recognised gains and losses	23,590	(279,450)
	<u>          </u>	<u>          </u>
Net (depletion in)/addition to shareholders' funds	22,107	(244,826)
Opening shareholders' funds	(178,360)	66,466
	<u>          </u>	<u>          </u>
Closing shareholders' funds	(156,253)	(178,360)
	<u>          </u>	<u>          </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.

# HAWK DEVELOPMENT MANAGEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

### 14 Employees

#### Number of employees

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

	2006 Number	2005 Number
Administration	4	4

#### Employment costs

	£	£
Wages and salaries	27,152	20,288
Social security costs	2,042	1,898
Other pension costs	5,448	17,717
	34,642	39,903

### 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 W1M 5RE  
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.

### 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.