

Company Registration No. 1586826 (England and Wales)

HAWK DEVELOPMENT MANAGEMENT PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005



Berg Kaprow Lewis LLP
Chartered Accountants
London

HAWK DEVELOPMENT MANAGEMENT PLC

COMPANY INFORMATION

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

HAWK DEVELOPMENT MANAGEMENT PLC

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HAWK DEVELOPMENT MANAGEMENT PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and financial statements for the year ended 31 March 2005.

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 2004:

W W Frischmann
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.

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.

HAWK DEVELOPMENT MANAGEMENT PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

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.

On behalf of the board



W W Frischmann

Director

28-10-2005

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 2005. 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 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.

Pension scheme disclosures - qualification of opinion.

Note 8 gives details of an actuarial certificate of valuation for the company's pension scheme which however is not a certificate of valuation for the purposes of FRS 17 - Retirement Benefits. This departure from accounting standards has no effect on the results disclosed within these financial statements.

Opinion

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 2005 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

Chartered Accountants
Registered Auditor


31-10-2005

Chartered Accountants
35 Ballards Lane
London N3 1XW

HAWK DEVELOPMENT MANAGEMENT PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Turnover	2	104,816	52,792
Cost of sales		-	(3,500)
Gross profit		104,816	49,292
Administrative expenses		(61,775)	(37,374)
Operating profit	3	43,041	11,918
Other interest receivable and similar income		-	3
Profit on ordinary activities before taxation		43,041	11,921
Tax on profit on ordinary activities	4	(8,417)	(3,504)
Profit on ordinary activities after taxation	10	34,624	8,417

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

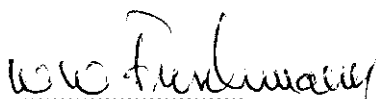
There are no recognised gains and losses other than those passing through the profit and loss account.

HAWK DEVELOPMENT MANAGEMENT PLC

BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	5		7,558		7,558
Current assets					
Debtors	6	137,838		78,304	
Cash at bank and in hand		68		449	
		<u>137,906</u>		<u>78,753</u>	
Creditors: amounts falling due within one year	7	<u>(44,374)</u>		<u>(19,845)</u>	
Net current assets			93,532		58,908
Total assets less current liabilities			<u>101,090</u>		<u>66,466</u>
Capital and reserves					
Called up share capital	9	12,502		12,502	
Profit and loss account	10	88,588		53,964	
Shareholders' funds - equity interests	11	<u>101,090</u>		<u>66,466</u>	

The financial statements were approved by the Board on 28-10-2005



W W Frischmann
Director

HAWK DEVELOPMENT MANAGEMENT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

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.

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

HAWK DEVELOPMENT MANAGEMENT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

2 Turnover

Geographical market

	Turnover	
	2005	2004
	£	£
United Kingdom	104,816	52,792
	<u>104,816</u>	<u>52,792</u>

3 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	5,500	3,750
	<u>5,500</u>	<u>3,750</u>

4 Taxation

	2005	2004
	£	£
Domestic current year tax		
U.K. corporation tax	8,000	3,737
Adjustment for prior years	417	(233)
	<u>8,417</u>	<u>3,504</u>
Current tax charge		

Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	43,041	11,921
	<u>43,041</u>	<u>11,921</u>

Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 30.00%)

	8,178	3,576
	<u>8,178</u>	<u>3,576</u>

Effects of:

Capital allowances	(84)	(176)
Tax losses utilised	-	(233)
Adjustments to previous periods	417	-
Other tax adjustments	(94)	337
	<u>239</u>	<u>(72)</u>

Current tax charge

	8,417	3,504
	<u>8,417</u>	<u>3,504</u>

HAWK DEVELOPMENT MANAGEMENT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

5 Tangible fixed assets

	Land and buildings Freehold	Computer equipment	Fixtures and equipment	Total
	£	£	£	£
Cost				
At 1 April 2004 & at 31 March 2005	7,558	22,858	11,806	42,222
Depreciation				
At 1 April 2004 & at 31 March 2005	-	22,858	11,806	34,664
Net book value				
At 31 March 2005	7,558	-	-	7,558
At 31 March 2004	7,558	-	-	7,558

6 Debtors

	2005 £	2004 £
Amounts owed by parent and fellow subsidiary undertakings	121,311	69,890
Other debtors	16,527	8,414
	<u>137,838</u>	<u>78,304</u>

7 Creditors: amounts falling due within one year

	2005 £	2004 £
Amounts owed to parent and fellow subsidiary undertakings	7,798	10,597
Corporation tax	8,000	3,737
Other taxes and social security costs	-	351
Other creditors	-	1,574
Accruals and deferred income	28,576	3,586
	<u>44,374</u>	<u>19,845</u>

HAWK DEVELOPMENT MANAGEMENT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

8 Pension costs

The company operates a defined benefit pension scheme which is funded through a separate trustee administered fund.

The most recent actuarial valuation of the scheme was carried out as at 5 April 2002 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, longevity and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 5.9% per annum, that dividends would average 3% per annum, salary increases would average 4.3% per annum and that present and future pensions would increase at the rate of 2.7% per annum.

At the date of valuation, the total market value of the scheme's assets was £864,733 and the actuarial valuation of the assets was not sufficient overall to cover the benefits that had accrued to the members to that date, after allowing for assumed future increases in earnings, inflation, interest rates and subject to improvements in benefits.

The actuary recommended that as from September 2003, the company contributes to the scheme at the rate of 91.8% of the pensionable salaries of the contributing member. This rate is subject to review at any future actuarial valuation.

The scheme actuary has confirmed in his certificate of valuation dated 2 August 2005 that, with the present level of enhanced pension scheme contributions being paid by the company, the pension scheme will satisfy the minimum funding requirements, by the end of the period it covers, for Pensions Act 1995 purposes and that as at 26 July 2005 the section 60(1) Pensions Act 1995 shortfall has decreased to £44,000.

Given that this certificate at 2 August 2005 gives a shortfall of only 5% of the scheme assets, the Trustees, supported by the Directors, are of the opinion that it would be unnecessary for the pension scheme to spend scheme funds in having a formal FRS 17 valuation prepared.

The pension contributions payable by the company for the year ended 31 March 2005 were £17,717 (2004 : £11,528). The unpaid contributions at the year end, included in "other creditors" amounted to £Nil (2004 : £1,574).

9 Share capital

	2005 £	2004 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
Allotted, called up and partly paid		
49,998 Ordinary shares of 25p each	12,500	12,500

HAWK DEVELOPMENT MANAGEMENT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2004	53,964
Retained profit for the year	34,624
	<u>88,588</u>
Balance at 31 March 2005	<u>88,588</u>

11 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	34,624	8,417
Opening shareholders' funds	66,466	58,049
	<u>101,090</u>	<u>66,466</u>
Closing shareholders' funds	<u>101,090</u>	<u>66,466</u>

12 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.

13 Employees

Number of employees

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

	2005 Number	2004 Number
Administration	4	4

Employment costs

	£	£
Wages and salaries	20,288	19,906
Social security costs	1,898	1,565
Other pension costs	17,717	11,984
	<u>39,903</u>	<u>33,455</u>

HAWK DEVELOPMENT MANAGEMENT PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

14 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.

15 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.