

SMP (PLAYGROUNDS) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2000



Company No. 908021

SMP (PLAYGROUNDS) LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 AUGUST 2000

Directors

Mrs P.E. McNair
Mr R.M. Lumb
Mr J.R. Reed
Mr R.E. Wilson
Mr A. Yates
Mr G.R. Townsend

Secretary

Mrs A Coleman

Company Number

908021

Registered Office

Thorpe Industrial Estate
Ten Acre Lane
Thorpe, Egham
Surrey
TW20 8RJ

Auditors

PricewaterhouseCoopers
Harman House
1 George Street
Uxbridge
Middx
UB8 1QQ

Solicitors

B.P. Collins & Co
Collins House
32-38 Station Road
Gerrards Cross
Bucks
SL9 8EL

Bankers

MIDLAND BANK plc
70 Pall Mall
London
SW1Y 5EX

SMP (PLAYGROUNDS) LIMITED

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FOR THE YEAR ENDED 31 AUGUST 2000

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SMP (PLAYGROUNDS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2000

The directors present their report together with the audited financial statements for the year ended 31 August 2000.

Principal Activities and Review of Business

The company's principal activity continued to be that of the manufacture and sale of playground equipment, landscape furniture and playground surfacing products.

The Directors are pleased to report a significant increase in performance for the year. The move into the new manufacturing facility in September 1999 and the investment in new plant and machinery has contributed to the improved performance with increased efficiencies in manufacturing and handling of goods. The Directors are continuing their commitment to develop new products to the current European Standard EN1176.

Results and Dividends

The results for the year are set out in the profit and loss account on page 4.

The directors consider the profit achieved on ordinary activities before taxation to be £552,950 (1999:£425,189)

The directors consider the state of the company's affairs to be satisfactory.

The directors do not recommend the payment of a dividend (1999: £nil), and accordingly the profit for the year will be transferred to reserves .

Directors and Directors' Interests

The directors who served during the year were as follows:

	<u>31 August</u> <u>2000</u>	<u>1st September</u> <u>1999</u>
Mrs P.E. McNair	1	1
Mr R.M. Lumb	-	-
Mr J.R. Reed	-	-
Mr R.E. Wilson	-	-
Mr A. Yates	-	-
Mr G.R. Townsend (appointed 2nd May 2000)	-	-

None of the directors had any interests in the share capital of the company required to be disclosed under Schedule 7 of the Companies Act 1985.

Mrs McNair is a director of the ultimate holding company, Staines Metal Products (Group) Limited. Her interests in the shares of Staines Metal Products (Group) Limited are disclosed in the Directors' Report of that Company. No other director had an interest at any time during the year in the shares of any other group company.

SMP (PLAYGROUNDS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2000

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 the company's affairs and of the profit or loss for that year. In preparing these 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 accounts;

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 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 30 May 2001, and signed on its behalf.



Mr J. R. Reed, Director
30 May 2001

AUDITORS' REPORT TO THE SHAREHOLDERS OF SMP (PLAYGROUNDS) LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit 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 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 the 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 August 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Harman House
1 George Street
Uxbridge
Middx
UB8 1 QQ

Dated 30 May 2001

SMP (PLAYGROUNDS) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 AUGUST 2000**

	Notes	2000 £	1999 £
Turnover	2	7,290,050	6,297,147
Cost of Sales		(4,324,104)	(3,745,264)
Gross Profit		<u>2,965,946</u>	<u>2,551,883</u>
Distribution Costs		(798,256)	(627,607)
Administrative Expenses		(1,573,445)	(1,432,794)
Operating Profit	3	<u>594,245</u>	<u>491,482</u>
Interest Payable and Similar Charges	4	(41,295)	(66,293)
Profit on Ordinary Activities before Taxation		<u>552,950</u>	<u>425,189</u>
Tax on profit on ordinary activities	6	(167,209)	(113,345)
Profit on Ordinary Activities after Taxation, being the Profit for the Financial Year		<u>385,741</u>	<u>311,844</u>
Retained Profit Brought Forward		<u>1,630,269</u>	<u>1,318,425</u>
Retained Profit Carried Forward		<u><u>2,016,010</u></u>	<u><u>1,630,269</u></u>

All results arise from continuing activities.

There were no recognised gains or losses in either year other than those included in the profit and loss account.

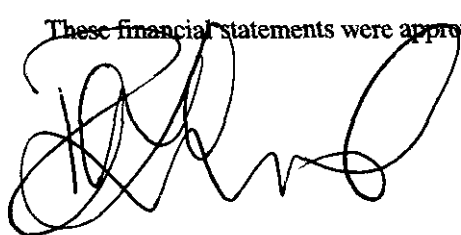
SMP (PLAYGROUNDS) LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2000

	Notes	£	2000 £	£	1999 £
Fixed Assets					
Tangible assets	7		429,226		403,840
Current Assets					
Stocks	8	652,122		662,077	
Debtors	9	2,472,349		1,930,031	
Cash at bank and in hand		668,610		220,742	
		3,793,081		2,812,850	
Creditors: Amounts Falling Due Within One Year	10	(1,961,163)		(1,475,912)	
Net Current Assets			1,831,918		1,336,938
Total Assets Less Current Liabilities			2,261,144		1,740,779
Creditors: Amounts Falling Due After More Than One Year	11		(145,134)		(10,510)
Net Assets			2,116,010		1,730,269
Capital and Reserves					
Called up Share Capital	13		100,000		100,000
Profit and loss account			2,016,010		1,630,269
Total Equity Shareholders' Funds	14		2,116,010		1,730,269

These financial statements were approved by the board on 30 May 2001 and signed on its behalf.



Mr R.M. Lumb
Director

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2000

1 Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention, and in accordance with applicable Accounting Standards.

The company has adopted FRS 15 and 16 this year.

Since the company is a wholly owned subsidiary and the cashflows of the company are included in the consolidated cashflow of Staines Metal Products (Group) Limited, the company is exempt under the terms of FRS 1 (Revised) from publishing a cashflow statement.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets on a straight line basis over their expected useful lives. The annual rates generally applicable are:

Plant and machinery	5-15 years
Motor vehicles	25%
Furniture and Computer Equipment	20%-33%

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is taken as direct labour and materials plus attributable manufacturing overheads. Provision is made for slow moving or obsolete stocks where appropriate.

Deferred Taxation

Deferred tax is provided on all timing differences to the extent that the directors consider it probable that such taxation will become payable in the foreseeable future.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2000

1 Accounting Policies (continued)

Pension Costs

The employees of the company are eligible to be members of the Staines Metal Products (Group) Limited Life Assurance and Pension Scheme. This is a defined benefit scheme, operated by the immediate parent company, details of which are given in the financial statements of that company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over the shorter of the lease term and their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2 Turnover

All turnover arises from the company's principal activity, based in the United Kingdom, the geographical analysis of turnover by destination is as follows:

	2000 £	1999 £
United Kingdom	6,540,210	5,839,845
Rest of the World	749,840	457,301
	<u>7,290,050</u>	<u>6,297,146</u>

3 Operating Profit

The operating profit is arrived at after charging or crediting:

	2000 £	1999 £
Depreciation of owned assets	72,923	60,816
Depreciation of assets held under finance leases and hire purchase contracts	28,687	32,945
Profit on disposal of fixed assets	(1,877)	(2,000)
Hire of equipment	2,453	4,726
Directors' remuneration	264,208	209,379
Auditors' remuneration - audit services	18,000	16,500
	<u>344,394</u>	<u>323,366</u>

4 Interest Payable and Similar Charges

	2000 £	1999 £
Interest on bank overdraft	30,000	60,032
Finance leases and hire purchase contracts	11,295	6,261
	<u>41,295</u>	<u>66,293</u>

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2000

5 Directors and Employees

Production staff are paid directly by SMP (Playgrounds) Limited and their costs are as follows:

	2000	1999
	£	£
Wages and salaries	485,543	452,974
Social security costs	36,251	34,317
Other pension costs	20,910	14,930
	<u>542,704</u>	<u>502,221</u>

Sales and administration staff, including the directors, are employed by the parent company and their costs are included in the management charge as follows:-

	2000	1999
	£	£
Wages and salaries	820,238	738,936
Social security costs	63,565	59,394
Other pension costs	33,318	24,886
	<u>917,121</u>	<u>823,216</u>

The average monthly number of employees, including directors, during the year was as follows:

	2000	1999
	Number	Number
Administration	15	15
Selling and Distribution	20	19
Production	25	24
	<u>60</u>	<u>58</u>

Directors' emoluments

	2000	1999
	£	£
Emoluments	250,669	199,082
Pension contributions to defined benefit schemes	13,539	10,297
	<u>264,208</u>	<u>209,379</u>

Retirement benefits were accruing to directors under schemes as follows:-

	2000	1999
	Number	Number
Defined benefit schemes	<u>4</u>	<u>3</u>

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2000

5 Directors and Employees (continued)

The above includes the emoluments of one director who is also a director of the immediate parent company. The emoluments for services to all companies in the Group are paid by that company and included within the management charge. The amount shown above includes £34,397 (1999:£30,283) excluding pension contributions, based on the proportion of the directors time attributable to the company.

6 Taxation

	2000 £	1999 £
Based on the profit for the year		
UK corporation tax	170,000	118,000
Adjustment in respect of prior years	(2,791)	(4,655)
	<u>167,209</u>	<u>113,345</u>

Corporation tax was payable at 30.5% for the year.

There is a deferred tax asset of £5,000 relating to accelerated capital allowances which has not been recognised.

7 Tangible Assets

	Plant and Machinery	Motor Vehicles	Furniture and Equipment	Assets Under Construction	Total
Cost	£	£	£	£	£
At 1 September 1999	234,788	156,167	196,901	261,498	849,354
Additions	49,567	-	77,428	-	126,995
Disposals	(9,951)	(9,145)	(52,191)	-	(71,287)
Transfers	261,498	-	-	(261,498)	-
At 31 August 2000	535,902	147,022	222,138	-	905,062
Depreciation					
At 1 September 1999	196,863	102,037	146,614	-	445,514
Charge for the year	32,188	25,897	43,524	-	101,609
Disposals	(9,951)	(9,145)	(52,191)	-	(71,287)
At 31 August 2000	219,100	118,789	137,947	-	475,836
Net Book Value					
At 31 August 2000	316,802	28,233	84,191	-	429,226
At 31 August 1999	37,925	54,130	50,287	261,498	403,840

Included within the above are assets held under finance leases and hire purchase contracts with a net book amount of £277,974 (1999-£56,359)

SMP (PLAYGROUNDS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 AUGUST 2000**

8	Stocks	2000	1999
		£	£
	Raw materials	99,168	83,764
	Work in progress	59,631	65,560
	Finished goods and goods for resale	493,323	512,753
		<u>652,122</u>	<u>662,077</u>
9	Debtors: Amounts falling due within one year	2000	1999
		£	£
	Trade debtors	2,397,779	1,831,368
	Amounts owed by group undertakings	10,875	29,589
	Other debtors	17,961	21,042
	Prepayments and accrued income	45,734	48,032
		<u>2,472,349</u>	<u>1,930,031</u>
10	Creditors: Amounts Falling Due Within One Year	2000	1999
		£	£
	Obligations under hire purchase and finance lease contracts	53,413	29,545
	Payments received on account	55,560	43,931
	Trade creditors	884,252	698,400
	Group relief payable	-	52,742
	Amounts owed to group undertakings	500,661	301,822
	Corporation tax	132,897	118,000
	Taxation and social security	14,162	9,093
	Other creditors	195,718	117,879
	Accruals and deferred income	124,500	104,500
		<u>1,961,163</u>	<u>1,475,912</u>
11	Creditors: Amounts Falling Due After One Year	2000	1999
		£	£
	Obligations under hire purchase and finance lease contracts (Note 12)	145,134	10,510
		<u>145,134</u>	<u>10,510</u>
12	Obligations Under Hire Purchase and Finance Leases	2000	1999
		£	£
	Obligations under finance leases and hire purchase contracts are payable:		
	Within one year	53,413	29,545
	Due between one and five years	145,134	10,510
		<u>198,547</u>	<u>40,055</u>

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2000

13	Share Capital	2000	1999
		£	£
	Authorised, allotted, called up and fully paid:		
	1,000,000 Ordinary Shares of 10p each	<u>100,000</u>	<u>100,000</u>
14	Reconciliation of Movements in Shareholders' Funds	2000	1999
		£	£
	Profit for the financial year	385,741	311,844
	Opening shareholders' funds	<u>1,730,269</u>	<u>1,418,425</u>
	Closing shareholders' funds	<u>2,116,010</u>	<u>1,730,269</u>

15 Contingent Liabilities

The company, together with all other group companies, has given an unlimited multilateral guarantee in respect of the net bank borrowings of the group companies. Total net group bank borrowings at 31 August 2000 amounted to £380,930 (1999: £787,546). In the opinion of the directors, no liability is expected to arise as a result of this guarantee.

16 Ultimate Parent Undertaking and Related Party Transactions

The company's ultimate holding company and immediate parent undertaking is Staines Metal Products (Group) Limited, a company registered in England and Wales which is controlled by the Chairman of SMP (Playgrounds) Limited, Mrs P E McNair.

Since the company is a wholly owned subsidiary and the related party transactions are consolidated in the Financial Statements of Staines Metal Products (Group) Limited, the company is exempt under the terms of FRS 8 from publishing those transactions.