

SMP (PLAYGROUNDS) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2002

Company No. 908021



SMP (PLAYGROUNDS) LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 AUGUST 2002

Directors	Mr R. M. Lumb Mr J. R. Reed Mr R. E. Wilson Mr A. B. Yates Mr G. M. Townsend
Secretary	Mrs A Coleman
Company Number	908021
Registered Office	Thorpe Industrial Estate Ten Acre Lane Thorpe, Egham Surrey TW20 8RJ
Auditors	Blueprint Audit Limited Amberley Place 107-111 Peascod Street Windsor Berks SL4 1TE
Solicitors	Osborne Clarke Apex Plaza Forbury Road Reading Berks RG1 1AX
Bankers	HSBC plc 70 Pall Mall London SW1Y 5EX

SMP (PLAYGROUNDS) LIMITED

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FOR THE YEAR ENDED 31 AUGUST 2002

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SMP (PLAYGROUNDS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 2002

The directors present their report together with the audited financial statements for the year ended 31 August 2002.

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 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 £608,100 (2001: £428,223)

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

The directors do not recommend the payment of a dividend (2001: £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>2002</u>	<u>1st September</u> <u>2001</u>
Mrs P.E. McNair (resigned 30th August 2002)	-	1
Mr R.M. Lumb	-	-
Mr J.R. Reed	-	-
Mr R.E. Wilson(resigned 30th August 2002, re-appointed 1st November 2002)	-	-
Mr A. B. Yates(resigned 30th August 2002, re-appointed 1st November 2002)	-	-
Mr G.M. Townsend(resigned 30th August 2002, re-appointed 1st November 2002)	-	-

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.

Mr J Reed and Mr R Lumb are directors of the ultimate holding company, Oval (1747) Limited. The interests of Mr Reed and Mr Lumb in the shares of Oval (1747) 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 2002

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

On the 30th August 2002 PricewaterhouseCoopers resigned as Auditors of the company. A resolution to appoint Blueprint Audit Limited was put forward and agreed. A resolution to re-appoint Blueprint Audit Limited will be put to the members at the Annual General Meeting.

This report was approved by the board on 29 January 2003, and signed on its behalf.



Mr J. R. Reed, Director
29 January 2003

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

We have audited the financial statements of SMP (Playgrounds) Limited for the year ended 31 August 2002 which comprise of the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

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 Directors and Auditors

As described in the statement of directors responsibilities the company 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 Accounting 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 information specified by law regarding directors' remuneration and 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.

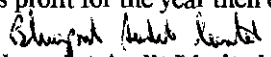
Basis of Audit Opinion

We conducted our audit in accordance with 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 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Blueprint Audit Limited
Chartered Accountants and Registered Auditors
Amberley Place
107-111 Peascod Street
Windsor
Berks
SL4 1TE

29 January 2003

SMP (PLAYGROUNDS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2002

	Notes	2002 £	2001 £
Turnover	2	7,331,429	7,041,218
Cost of Sales		(4,291,308)	(4,214,403)
Gross Profit		3,040,121	2,826,815
Distribution Costs		(742,338)	(760,078)
Administrative Expenses		(1,655,233)	(1,604,700)
Operating Profit	3	642,550	462,037
Interest Receivable		2,813	-
Interest Payable and Similar Charges	4	(37,263)	(33,814)
Profit on Ordinary Activities before Taxation		608,100	428,223
Tax on profit on ordinary activities	6	(199,141)	(119,681)
Profit on Ordinary Activities after Taxation, being the Profit for the Financial Year		408,959	308,542
Retained Profit Brought Forward		2,324,552	2,016,010
Retained Profit Carried Forward		2,733,511	2,324,552

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 2002

	Notes	£	2002 £	£	2001 £
Fixed Assets					
Tangible assets	7		516,521		442,946
Current Assets					
Stocks	8	884,586		751,165	
Debtors	9	2,174,851		2,323,684	
Cash at bank and in hand		614,742		467,834	
		3,674,179		3,542,683	
Creditors: Amounts Falling Due Within One Year	10	(1,245,039)		(1,434,495)	
Net Current Assets			2,429,140		2,108,188
Total Assets Less Current Liabilities			2,945,661		2,551,134
Creditors: Amounts Falling Due After More Than One Year	11		(85,146)		(126,582)
Provision for Liabilities and Charges					
Deferred taxation	13		(27,004)		-
Net Assets			2,833,511		2,424,552
Capital and Reserves					
Called up Share Capital	14		100,000		100,000
Profit and loss account			2,733,511		2,324,552
Total Equity Shareholders' Funds	15		2,833,511		2,424,552

These financial statements were approved by the board on 29 January 2003 and signed on its behalf.



Mr R.M. Lumb
Director

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002

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 taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary and its cashflows are included within the financial statements of its immediate parent undertaking, which are publicly available.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

The company derives its revenue from the following sources:

- Sale of playground equipment
- Installation of the above equipment

The company recognises its revenue as follows:

Sale of playground equipment

Revenue is recognised from equipment sales at the time of shipment.

Installation

Revenues deriving from installation services are recognised when the equipment has been installed.

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	10%-33%

Stocks

Stocks and work in progress 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.

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002

1 Accounting Policies (continued)

Deferred Taxation

The accounting policy in respect of deferred taxation has been changed to reflect the requirements of FRS 19- Deferred tax. 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. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment.

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.

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:

	2002	2001
	£	£
United Kingdom	6,552,948	6,422,014
Rest of the World	778,481	619,204
	<u>7,331,429</u>	<u>7,041,218</u>

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002

3 Operating Profit

The operating profit is arrived at after charging or crediting:

	2002	2001
	£	£
Depreciation of owned assets	84,304	55,208
Depreciation of assets held under finance leases and hire purchase contracts	35,201	40,187
Loss/(profit) on disposal of fixed assets	5,219	(12,795)
Operating lease charges- hire of equipment	4,344	4,364
Operating lease charges- other	110,000	220,000
Directors' remuneration	278,228	267,584
Auditors' remuneration - audit services	9,750	18,000

4 Interest Payable and Similar Charges

	2002	2001
	£	£
Interest on bank overdraft	-	20,000
Finance leases and hire purchase contracts	35,988	13,814
Other interest	1,275	-
	37,263	33,814

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002

5 Directors and Employees

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

	2002	2001
	£	£
Wages and salaries	522,264	498,041
Social security costs	36,651	36,795
Other pension costs	29,205	27,410
	<u>588,120</u>	<u>562,246</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:-

	2002	2001
	£	£
Wages and salaries	842,633	834,564
Social security costs	68,097	73,977
Other pension costs	66,632	46,496
	<u>977,362</u>	<u>955,037</u>

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

	2002	2001
	Number	Number
Administration	15	15
Selling and Distribution	20	20
Production	25	25
	<u>60</u>	<u>60</u>

Directors' emoluments

	2002	2001
	£	£
Remuneration paid by the parent company and included in the management charge	259,279	247,424
Pension contributions to defined benefit schemes	18,949	20,160
	<u>278,228</u>	<u>267,584</u>

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

	2002	2001
	Number	Number
Defined benefit schemes	<u>4</u>	<u>4</u>

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002

5 Directors and Employees (continued)

The highest paid director received emoluments and benefits as follows:-

	2002	2001
	£	£
Emoluments	90,885	87,373

The above includes the emoluments of one director who is also a director of the immediate parent company. His emoluments for services to all companies in the Group are paid by that company. The amount shown above includes £26,644 (2001:£28,050) excluding pension contributions, based on the director's estimate of his time attributable to the Company.

6 Taxation

	2002	2001
	£	£
Current Tax:		
UK corporation tax on profits for the year	179,252	130,000
Adjustment in respect of prior years	(7,115)	(10,319)
	172,137	119,681
Deferred tax:		
Origination and reversal of timing differences	7,566	-
Adjustment in respect of prior years	19,438	-
	199,141	119,681

Factors affecting tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%).

These differences are explained below:

	2002	2001
	£	£
Profit on ordinary activities before tax	608,100	428,223
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	182,430	128,467
Effects of:		
Expenses not deductible for tax purposes	4,388	5,930
Capital allowances for the period in excess of depreciation	(7,566)	(13,224)
Other adjustments	-	8,827
Adjustments to tax charges in respect of prior years	(7,115)	(10,319)
Current tax charge for the year	172,137	119,681

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002

7 Tangible Assets

	Plant and Machinery	Motor Vehicles	Furniture and Equipment	Total
Cost	£	£	£	£
At 1 September 2001	541,050	163,220	236,908	941,178
Additions	27,007	49,193	133,099	209,299
Disposals	-	(35,483)	(80,833)	(116,316)
At 31 August 2002	568,057	176,930	289,174	1,034,161
Depreciation				
At 1 September 2001	250,546	80,563	167,123	498,232
Charge for the year	31,695	43,025	44,785	119,505
Disposals	-	(19,264)	(80,833)	(100,097)
At 31 August 2002	282,241	104,324	131,075	517,640
Net Book Value				
At 31 August 2002	285,816	72,606	158,099	516,521
<i>At 31 August 2001</i>	<i>290,504</i>	<i>82,657</i>	<i>69,785</i>	<i>442,946</i>

Included within the above are assets held under finance leases and hire purchase contracts with a net book amount of £243,862 (2001-£294,017)

8	Stocks	2002 £	2001 £
	Raw materials	105,547	105,039
	Work in progress	167,725	70,774
	Finished goods and goods for resale	611,314	575,352
		884,586	751,165
9	Debtors: Amounts falling due within one year	2002 £	2001 £
	Trade debtors	2,077,219	2,245,825
	Amounts owed by group undertakings	1,895	9,278
	Other debtors	51,762	17,961
	Prepayments and accrued income	43,975	50,620
		2,174,851	2,323,684

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002

10	Creditors: Amounts Falling Due Within One Year	2002	2001
		£	£
	Obligations under hire purchase and finance lease contracts	57,626	63,080
	Payments received on account	62,941	54,429
	Trade creditors	637,654	774,386
	Amounts owed to group undertakings	199,180	148,436
	Corporation tax	59,252	85,573
	Taxation and social security	13,899	8,656
	Other creditors	139,737	223,935
	Accruals and deferred income	74,750	76,000
		<u>1,245,039</u>	<u>1,434,495</u>
11	Creditors: Amounts Falling Due After One Year	2002	2001
		£	£
	Obligations under hire purchase and finance lease contracts (Note 12)	85,146	126,582
		<u>85,146</u>	<u>126,582</u>
12	Obligations Under Hire Purchase and Finance Leases	2002	2001
		£	£
	Obligations under finance leases and hire purchase contracts are payable:		
	Within one year	57,626	63,080
	Due between one and five years	85,146	126,582
		<u>142,772</u>	<u>189,662</u>

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002

13 Provisions for liabilities and charges

The movements in deferred taxation during the current and previous years are as follows:

	2002 £	2001 £
At 1st September 2001	-	-
Movement in the year	27,004	-
At 31st August 2002	27,004	-

Deferred taxation provided and unprovided for in the financial statements is as follows:

	Amount Provided	
	2002 £	2001 £
Accelerated capital allowances	27,004	-
	27,004	-

14 Share Capital

Authorised, allotted, called up and fully paid:

1,000,000 Ordinary Shares of 10p each

	2002 £	2001 £
1,000,000 Ordinary Shares of 10p each	100,000	100,000

15 Reconciliation of Movements in Shareholders' Funds

Profit for the financial year
Opening shareholders' funds

Closing shareholders' funds

	2002 £	2001 £
Profit for the financial year	408,959	308,542
Opening shareholders' funds	2,424,552	2,116,010
Closing shareholders' funds	2,833,511	2,424,552

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2002

16 Operating Lease Commitments

At 31 August 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2002	2001	2002	2001
	£	£	£	£
Operating leases which expire:				
Between two and five years	-	-	23,325	30,121
After five years	110,000	220,000	-	-
	110,000	220,000	23,325	30,121

17 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 2002 amounted to £nil (2001: £83,290). In the opinion of the directors, no liability is expected to arise as a result of this guarantee.

18 Ultimate Parent Undertaking and Control

The immediate parent undertaking and largest group for which consolidated accounts are available is Staines Metal Products (Group) Limited, a company which is registered in England and Wales. Group accounts are available from Ten Acre Lane, Thorpe, Egham, Surrey, TW20 8RJ.

On 30th August 2002, Oval (1747) Limited, a company registered in England and Wales purchased the entire share capital of Staines Metal Products (Group) Limited. Consequently the ultimate parent undertaking has changed to Oval (1747) Limited.

The directors believe there to be no controlling party.

19 Related Party Transactions

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.

There were no transactions with Oval (1747) Limited.