

Company Registration No. 908021 (England and Wales)

SMP (PLAYGROUNDS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2003



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SMP (PLAYGROUNDS) LIMITED

COMPANY INFORMATION

Directors	J R Reed R M Lumb R E Wilson A B Yates G M Townsend
Secretary	A Coleman
Company number	908021
Registered office	Ten Acre Lane Thorpe, Egham Surrey TW20 8RJ
Auditors	<i>Blueprint Audit Limited</i> Amberley Place 107-111 Peascod Street Windsor Berkshire SL4 1TE
Business address	Ten Acre Lane Thorpe, Egham Surrey TW20 8RJ
Bankers	HSBC Bank PLC 70 Pall Mall London SW1Y 5EX
Solicitors	Osborne Clarke Apex Plaza, Forbury Road Reading Berks RG1 1AX

SMP (PLAYGROUNDS) LIMITED

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SMP (PLAYGROUNDS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2003

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

Principal activities and review of the business

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

The directors consider the state of the company's affairs to be satisfactory and 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 on page 4.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 September 2002:

J R Reed
R M Lumb
R E Wilson
A B Yates
G M Townsend

Directors' interests

The directors' have no interests in the shares of the company and have no rights granted to or exercised to subscribe to or for shares. The interests of the directors' in the share capital of Oval (1747) Limited, the ultimate parent undertaking are disclosed within the financial statements of that company.

Charitable donations	2003	2002
	£	£
During the year the company made the following payments:		
Charitable donations	-	2,900

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Blueprint Audit Limited, will be deemed to be reappointed for each succeeding financial year.

SMP (PLAYGROUNDS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

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.

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


.....

J R Reed

Director

23/12/03
.....

SMP (PLAYGROUNDS) LIMITED

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

We have audited the financial statements of SMP (Playgrounds) Limited on pages 4 to 15 for the year ended 31 August 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 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.

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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Blueprint Audit Limited
Blueprint Audit Limited

Chartered Accountants
Registered Auditor

24 Dec 2003

Amberley Place
107-111 Peascod Street
Windsor
Berkshire
SL4 1TE

SMP (PLAYGROUNDS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2003

	Notes	2003 £	2002 £
Turnover	2	9,627,316	7,331,429
Cost of sales		(5,699,088)	(4,291,308)
Gross profit		3,928,228	3,040,121
Distribution costs		(767,506)	(742,338)
Administrative expenses		(2,325,621)	(1,655,233)
Operating profit	3	835,101	642,550
Other interest receivable and similar income		10,650	2,813
Interest payable and similar charges	4	(1,816)	(37,263)
Profit on ordinary activities before taxation		843,935	608,100
Tax on profit on ordinary activities	5	(258,228)	(199,141)
Profit on ordinary activities after taxation	13	585,707	408,959

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.

SMP (PLAYGROUNDS) LIMITED

BALANCE SHEET AS AT 31 AUGUST 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	6		540,769		516,521
Current assets					
Stocks	7	732,067		884,586	
Debtors	8	2,539,520		2,174,852	
Cash at bank and in hand		1,203,920		614,741	
		<u>4,475,507</u>		<u>3,674,179</u>	
Creditors: amounts falling due within one year	9	<u>(1,543,524)</u>		<u>(1,245,039)</u>	
Net current assets			2,931,983		2,429,140
Total assets less current liabilities			<u>3,472,752</u>		<u>2,945,661</u>
Creditors: amounts falling due after more than one year	10		(18,580)		(85,146)
Provisions for liabilities and charges	11		<u>(34,954)</u>		<u>(27,004)</u>
			<u>3,419,218</u>		<u>2,833,511</u>
Capital and reserves					
Called up share capital	12		100,000		100,000
Profit and loss account	13		<u>3,319,218</u>		<u>2,733,511</u>
Shareholders' funds - equity interests	14		<u>3,419,218</u>		<u>2,833,511</u>

The financial statements were approved by the Board on 23/12/03


J R Reed
Director

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

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 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 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:

Supply of playground equipment

Revenue is recognised from equipment sales at time of shipment.

Supply and Installation

Revenue is recognised when installation is complete.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets 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:

Plant and machinery	5-15 years
Furniture and computer equipment	10-33%
Motor vehicles	25%

1.5 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock and work in progress

Stock and work in progress are valued 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 (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

1 Accounting policies

(continued)

1.7 Pensions

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.

1.8 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. The deferred tax balance has not been discounted.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

Geographical market

	Turnover	
	2003	2002
	£	£
United Kingdom	8,792,622	6,552,948
Rest of the World	834,694	778,481
	<u>9,627,316</u>	<u>7,331,429</u>

3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	130,137	119,505
Loss on disposal of tangible assets	-	5,219
Loss on foreign exchange transactions	-	357
Operating lease rentals		
- Plant and machinery	901	4,345
- Other assets	110,000	110,000
Auditors' remuneration	10,050	9,750
and after crediting:		
Profit on disposal of tangible assets	(2,071)	-
Profit on foreign exchange transactions	(31,307)	-
	<u></u>	<u></u>

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

4	Interest payable	2003	2002
		£	£
	Lease finance charges	1,816	35,988
	Other interest	-	1,275
		<u>1,816</u>	<u>37,263</u>
5	Taxation	2003	2002
		£	£
	Domestic current year tax		
	U.K. corporation tax	170,331	179,252
	Adjustment for prior years	723	(7,115)
	Payment in respect of group relief	79,224	-
		<u>250,278</u>	<u>172,137</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/credit current year	7,950	7,566
	Deferred tax adjust re previous year	-	19,438
		<u>7,950</u>	<u>27,004</u>
		<u>258,228</u>	<u>199,141</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>843,935</u>	<u>608,100</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 : 30.00 %)	<u>253,181</u>	<u>182,430</u>
	Effects of:		
	Non deductible expenses	3,757	4,388
	Depreciation add back	38,420	37,228
	Capital allowances for the period in excess of depreciation	(45,803)	(44,794)
	Adjustments to previous periods	723	(7,115)
		<u>(2,903)</u>	<u>(10,293)</u>
	Current tax charge	<u>250,278</u>	<u>172,137</u>

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

6 Tangible fixed assets

	Plant and machinery £	Furniture & Equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2002	568,057	289,174	176,930	1,034,161
Additions	78,102	44,096	36,016	158,214
Disposals	(154)	(115,520)	(56,311)	(171,985)
	<u>646,005</u>	<u>217,750</u>	<u>156,635</u>	<u>1,020,390</u>
At 31 August 2003				
Depreciation				
At 1 September 2002	282,241	131,075	104,324	517,640
On disposals	(154)	(111,691)	(56,311)	(168,156)
Charge for the year	39,478	49,678	40,981	130,137
	<u>321,565</u>	<u>69,062</u>	<u>88,994</u>	<u>479,621</u>
At 31 August 2003				
Net book value				
At 31 August 2003	<u>324,440</u>	<u>148,688</u>	<u>67,641</u>	<u>540,769</u>
At 31 August 2002	<u>285,816</u>	<u>158,099</u>	<u>72,606</u>	<u>516,521</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £	Motor vehicles £	Total £
Net book values			
At 31 August 2003	<u>38,286</u>	<u>21,540</u>	<u>59,826</u>
At 31 August 2002	<u>208,148</u>	<u>35,714</u>	<u>243,862</u>
Depreciation charge for the year			
31 August 2003	<u>4,265</u>	<u>7,180</u>	<u>11,445</u>
31 August 2002	<u>17,345</u>	<u>17,856</u>	<u>35,201</u>

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

7	Stocks and work in progress	2003	2002
		£	£
	Raw materials and consumables	110,177	105,547
	Work in progress	22,300	167,725
	Finished goods and goods for resale	599,590	611,314
		<u>732,067</u>	<u>884,586</u>
8	Debtors	2003	2002
		£	£
	Trade debtors	2,506,555	2,077,219
	Amounts owed by group undertakings	2,567	1,895
	Other debtors	10,500	51,762
	Prepayments and accrued income	19,898	43,976
		<u>2,539,520</u>	<u>2,174,852</u>
9	Creditors: amounts falling due within one year	2003	2002
		£	£
	Payments received on account	72,369	62,941
	Net obligations under finance leases	18,917	57,626
	Trade creditors	546,971	637,654
	Amounts owed to group undertakings	324,637	199,180
	Corporation tax	56,306	59,252
	Other taxes and social security costs	16,984	13,899
	Other creditors	403,013	139,737
	Accruals and deferred income	104,327	74,750
		<u>1,543,524</u>	<u>1,245,039</u>

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

10 Creditors: amounts falling due after more than one year	2003	2002
	£	£
Net obligations under finance leases	18,580	85,146
	<u> </u>	<u> </u>
Net obligations under finance leases		
Repayable within one year	18,917	57,626
Repayable between one and five years	18,580	85,146
	<u> </u>	<u> </u>
	37,497	142,772
Included in liabilities falling due within one year	(18,917)	(57,626)
	<u> </u>	<u> </u>
	18,580	85,146
	<u> </u>	<u> </u>
11 Provisions for liabilities and charges		
		Deferred tax liability
		£
Balance at 1 September 2002		27,004
Profit and loss account		7,950
		<u> </u>
Balance at 31 August 2003		34,954
		<u> </u>
The deferred tax liability is made up as follows:		
	2003	2002
	£	£
Accelerated capital allowances	34,954	27,004
	<u> </u>	<u> </u>
12 Share capital	2003	2002
	£	£
Authorised		
10,000,000 Ordinary Shares of 10p each	1,000,000	1,000,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
1,000,000 Ordinary Shares of 10p each	100,000	100,000
	<u> </u>	<u> </u>

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2002	2,733,511
Retained profit for the year	585,707
Balance at 31 August 2003	3,319,218

14 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	585,707	408,959
Opening shareholders' funds	2,833,511	2,424,552
Closing shareholders' funds	3,419,218	2,833,511

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 borrowings at 31 August 2003 amounted to £nil (2002: £nil). In the opinion of the directors, no liability is expected to arise as a result of this guarantee.

16 Financial commitments

At 31 August 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	-	-	21,802	-
Between two and five years	-	-	27,541	23,325
In over five years	110,000	110,000	-	-
	110,000	110,000	49,343	23,325

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

17 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	340,002	259,279
Company pension contributions to money purchase schemes	26,079	18,949
	<u>366,081</u>	<u>278,228</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 4 (2002 - 4).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>140,650</u>	<u>90,885</u>
------------------------------------	----------------	---------------

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 £45,761 (2002 : £26,644) excluding pension contributions, based on the director's estimate of his time attributable to the Company.

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

18 Employees

Number of employees

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

	2003 Number	2002 Number
Administration	15	15
Selling and Distribution	20	20
Production	25	25
	<u>60</u>	<u>60</u>

Employment costs

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

	2003 £	2002 £
Wages and salaries	631,899	522,264
Social security costs	42,909	36,651
Other pension costs	28,595	29,205
	<u>703,403</u>	<u>588,120</u>

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

	2003 £	2002 £
Wages and salaries	1,091,949	842,633
Social security costs	91,944	68,097
Other pension costs	108,558	66,632
	<u>1,292,451</u>	<u>977,362</u>

19 Ultimate parent undertaking and control

The immediate parent undertaking is Staines Metal Products (Group) Limited, a company which is registered in England and Wales and the ultimate parent undertaking is Oval (1747) Limited, a company registered in England and Wales. Group Accounts are available from Ten Acre Lane, Thorpe, Egham, Surrey, TW20 8RJ.

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2003**

20 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.