Company Registration Number 908021 (England and Wales)

SMP (PLAYGROUNDS) LIMITED

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2004

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

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COMPANIES HOUSE
0608
17/06/05

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
Accountants	Tenon Limited Amberley Place 107-111 Peascod Street Windsor Berkshire SL4 1TE
Auditors	Blueprint Audit Limited 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 2004

The directors present their report and financial statements for the year ended 31 August 2004.

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 committment to develop new products to the current European Standard EN1176.

Results and dividends
The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

Directors
The following directors have held office since 1 September 2003:

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

Directors' interests
The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of 10p each	
	31 August 2004	**1 September 2003**
J R Reed	-	-
R M Lumb	-	-
R E Wilson	-	-
A B Yates	-	-
G M Townsend	-	-

The directors' have no interests in the shares of the company or any other company in the group, except for Oval (1747) Limited 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.

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 2004

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

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J R Reed

Director

23 December 2004

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 5 to 15 for the year ended 31 August 2004. 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.

SMP (PLAYGROUNDS) LIMITED

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

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 2004 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

23 December 2004

Chartered Accountants
Registered Auditor

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

SMP (PLAYGROUNDS) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2004

	Notes	2004 £	2003 £
Turnover	2	7,470,382	9,627,316
Cost of sales		(4,153,502)	(5,699,088)
Gross profit		3,316,880	3,928,228
Distribution costs		(701,803)	(767,506)
Administrative expenses		(2,185,954)	(2,325,621)
Operating profit	3	429,123	835,101
Other interest receivable and similar income	4	11,314	10,650
Interest payable and similar charges	*5*	*(2,338)*	*(1,816)*
Profit on ordinary activities before taxation		438,099	843,935
Tax on profit on ordinary activities	6	(126,845)	(258,228)
Profit on ordinary activities after taxation	14	311,254	585,707

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 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	7		524,778		540,769
Current assets					
Stocks	8	651,320		732,067	
Debtors	9	1,950,801		2,539,520	
Cash at bank and in hand		2,320,005		1,203,920	
		4,922,126		4,475,507	
Creditors: amounts falling due within one year	10	(1,680,478)		(1,543,524)	
Net current assets			3,241,648		2,931,983
Total assets less current liabilities			3,766,426		3,472,752
Creditors: amounts falling due after more than one year	11		(9,291)		(18,580)
Provisions for liabilities and charges	12		(26,663)		(34,954)
			3,730,472		3,419,218
Capital and reserves					
Called up share capital	13		100,000		100,000
Profit and loss account	14		3,630,472		3,319,218
Shareholders' funds - equity interests	15		3,730,472		3,419,218

The financial statements were approved by the Board on 23 December 2004

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J R Reed
Director

SMP (PLAYGROUNDS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2004

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2004

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 2004 £	2003 £
United Kingdom	6,714,371	8,792,622
Rest of the World	756,011	834,694
	7,470,382	9,627,316

3 Operating profit	**2004 £**	**2003 £**
Operating profit is stated after charging:		
Depreciation of tangible assets	142,774	130,137
Loss on disposal of tangible assets	1,076	-
Loss on foreign exchange transactions	6,227	-
Operating lease rentals		
- Plant and machinery	1,320	901
- Other assets	110,000	110,000
Auditors' remuneration	10,050	10,050
and after crediting:		
Profit on disposal of tangible assets	-	(2,071)
Profit on foreign exchange transactions	-	(31,307)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2004

4	**Investment income**	**2004**	**2003**
		£	**£**
	Bank interest	11,314	10,650

5	**Interest payable**	**2004**	**2003**
		£	**£**
	Lease finance charges	2,338	1,816

6	**Taxation**	**2004**	**2003**
		£	**£**
	Domestic current year tax		
	U.K. corporation tax	11,400	170,331
	Adjustment for prior years	526	723
	Payment in respect of group relief	123,210	79,224
	Current tax charge	135,136	250,278
	Deferred tax		
	Deferred tax charge/credit current year	(8,291)	7,950
		126,845	258,228
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	438,099	843,935
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 30.00%)	83,239	253,181
	Effects of:		
	Non deductible expenses	5,654	3,757
	Depreciation add back	27,331	38,420
	Capital allowances	(26,791)	(45,803)
	Adjustments to previous periods	526	723
	Group relief	45,177	-
		51,897	(2,903)
	Current tax charge	135,136	250,278

7 **Tangible fixed assets**

	Plant and machinery £	Furniture & Equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2003	646,005	217,750	156,635	1,020,390
Additions	83,066	21,043	26,450	130,559
Disposals	(34,443)	(16,390)	(15,103)	(65,936)
At 31 August 2004	694,628	222,403	167,982	1,085,013
Depreciation				
At 1 September 2003	321,565	69,062	88,994	479,621
On disposals	(34,443)	(16,390)	(11,327)	(62,160)
Charge for the year	49,265	49,426	44,083	142,774
At 31 August 2004	336,387	102,098	121,750	560,235
Net book value				
At 31 August 2004	358,241	120,305	46,232	524,778
At 31 August 2003	324,440	148,688	67,641	540,769

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 2004	24,384	29,201	53,585
At 31 August 2003	38,286	21,540	59,826
Depreciation charge for the year			
At 31 August 2004	3,048	12,126	15,174
At 31 August 2003	4,265	7,180	11,445

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2004

8 Stocks and work in progress	2004 £	2003 £
Raw materials and consumables	86,235	110,177
Work in progress	70,545	22,300
Finished goods and goods for resale	494,540	599,590
	651,320	732,067

9 Debtors	2004 £	2003 £
Trade debtors	1,771,871	2,506,555
Amounts owed by group undertakings	14,702	2,567
Corporation tax	73,768	-
Other debtors	325	10,500
Prepayments and accrued income	90,135	19,898
	1,950,801	2,539,520

10 Creditors: amounts falling due within one year	2004 £	2003 £
Payments received on account	185,500	72,369
Net obligations under finance leases	21,153	18,917
Trade creditors	711,363	546,971
Amounts owed to group undertakings	382,658	324,637
Corporation tax	-	56,306
Other taxes and social security costs	58,262	16,984
Other creditors	245,834	403,013
Accruals and deferred income	75,708	104,327
	1,680,478	1,543,524

11 Creditors: amounts falling due after more than one year	2004 £	2003 £
Net obligations under finance leases	9,291	18,580
Net obligations under finance leases		
Repayable within one year	21,153	18,917
Repayable between one and five years	9,291	18,580
	30,444	37,497
Included in liabilities falling due within one year	(21,153)	(18,917)
	9,291	18,580

12 *Provisions for liabilities and charges*

	Deferred tax liability £
Balance at 1 September 2003	34,954
Profit and loss account	(8,291)
Balance at 31 August 2004	26,663

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	31,463	34,954
Other timing differences	(4,800)	-
	26,663	34,954

13 Share capital	2004 £	2003 £
Authorised		
10,000,000 Ordinary Shares of 10p each	1,000,000	1,000,000
Allotted, called up and fully paid		
1,000,000 Ordinary Shares of 10p each	100,000	100,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2004

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2003	3,319,218
Retained profit for the year	311,254
Balance at 31 August 2004	3,630,472

15 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	311,254	585,707
Opening shareholders' funds	3,419,218	2,833,511
Closing shareholders' funds	3,730,472	3,419,218

16 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 2004 amounted to £nil (2003: £nil). In the opinion of the directors, no liability is expected to arise as a result of this guarantee.

17 Financial commitments

At 31 August 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004 £	2003 £	2004 £	2003 £
Expiry date:				
Within one year	-	-	7,853	21,802
Between two and five years	-	-	50,792	27,541
In over five years	110,000	110,000	-	-
	110,000	110,000	58,645	49,343

18 Employees

Number of employees

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

	2004 Number	2003 Number
Administration	14	15
Selling and Distribution	20	20
Production	25	25
	59	60

Employment costs

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

	2004 £	2003 £
Wages and salaries	605,448	631,899
Social security costs	48,656	42,909
Other pension costs	28,133	28,595
	682,237	703,403

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:

	2004 £	2003 £
Wages and salaries	986,465	1,091,949
Social security costs	82,967	91,944
Other pension costs	53,410	108,558
	1,122,842	1,292,451

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.

The directors believe there to be no ultimate controlling party.

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.