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**EUROFILMS EXTRUSION LIMITED**

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**ABBREVIATED ACCOUNTS**

**for the year ended 31 December 2011**



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## **EUROFILMS EXTRUSION LIMITED**

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### **COMPANY INFORMATION**

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**DIRECTORS**

N Smith  
G Humphreys  
M Palmer  
D Thomas  
W J Humphreys

**COMPANY SECRETARY**

M Palmer

**COMPANY NUMBER**

03038727

**REGISTERED OFFICE**

6 Ridge House  
Ridgehouse Drive  
Staffordshire  
ST1 5TL  
TF1 4GX

**AUDITORS**

Moore Stephens  
6 Ridge House  
Ridgehouse Drive  
Festival Park  
Stoke on Trent  
Staffordshire  
ST1 5TL

**BANKERS**

Barclays Bank PLC  
West Midlands Corporate Team  
PO Box 777  
Wolverhampton  
West Midlands

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## **EUROFILMS EXTRUSION LIMITED**

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## **EUROFILMS EXTRUSION LIMITED**

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### **DIRECTORS' REPORT for the year ended 31 December 2011**

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The directors present their report and the financial statements for the year ended 31 December 2011

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company is the manufacture and sale of industrial stretchfilm and collation shrinkfilm.

#### **BUSINESS REVIEW**

The turnover for the year has increased by £2,988k an increase of 15.5% over the previous year.

The operating profit for the year is reported at £449k or 2.0% of turnover, compared to 2.0% in 2010.

The overall net assets of the business have decreased by £97k compared to the previous year.

The company has continued its investment in plant and machinery during the year in order to improve infrastructure, develop new products and develop its production equipment to meet the demands in the market place.

We continue to follow and adhere to the principles of best practice and continuous improvement promoted by our association with Investors in Excellence (IIE). We successfully completed our re-accreditation in November 2011.

We are keen to recognise the importance of our employees in the performance of the business. We believe in clear communications and the need to support and encourage individuals to utilise their skills and knowledge. Our retention rate during 2011 has been reported at 95%.

#### **Company Strategy**

The directors are now in the fourth year of the 5 year financial plan. The fundamental principles within the plan

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## **EUROFILMS EXTRUSION LIMITED**

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### **DIRECTORS' REPORT for the year ended 31 December 2011**

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are continually questioned to ensure our medium term plans are robust and reflect changes in the market place. The plan is supported by a detailed budget for 2012 which will be used to closely monitor performance. We have developed a number of key partnerships to support our current and future growth plans.

#### **Research and Development**

Eurofilms has received European funding to lead a project over the next three years with identified European partners. This project has a funding value of €1.5m which has been awarded based on the innovative and commercial nature of its objectives and expected results. The project officially started in October 2011 and is expected to run for a 2 year period.

#### **Principle Risks and Uncertainties**

The global supply of polymer from its worldwide sources continues to be an unpredictable aspect of the business arena we are in. The price fluctuations have short and medium term impacts on profitability due to the nature of the "cycles" in the market place. This issue affects the market place in general and has a similar impact on our competitors.

We manage credit levels very closely despite having credit insurance cover for most of our customers. This strategy has proved to be correct with bad debts being reported at less than 0.25% of turnover during the financial year 2011.

#### **Key Performance Indicators**

Increase in sales – 15.5% (2010 increase 11.1%) - year on year sales growth expressed as a percentage. The variance is mainly due to increase in sales volumes.

The company reported a static operating profit margin of 2.0% (2010 - 2.0%).

Employee retention - 95% (2010 - 95%) - the number of employees who have remained with the company throughout the year expressed as a percentage.

#### **RESULTS**

The profit for the year, after taxation, amounted to £273,421 (2010 - £213,198).

#### **DIRECTORS**

The directors who served during the year were:

N Smith  
G Humphreys  
M Palmer  
D Thomas  
W J Humphreys

#### **FUTURE DEVELOPMENTS**

We are committed to develop our product range to meet the needs of our market place and specific customer requirements. This will need constant capital investment to adapt current plant and machinery as well as buying new machinery to supplement current capacity.

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## EUROFILMS EXTRUSION LIMITED

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### DIRECTORS' REPORT for the year ended 31 December 2011

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#### FINANCIAL INSTRUMENTS

The main risks arising from the company's financial instruments are credit risk and liquidity risk

##### Credit risk

Our customer base affords us no significant concentration of credit risk. The risk is managed through continually monitored procedures during the conduct of our business. We also retain the services of a credit insurance provider to provide additional support and advice on any areas of credit risk.

##### Liquidity risk

Our objective is to ensure significant funds are available to meet our future cash requirements. Cash flow reporting and investment appraisals are standard procedures in our business decision making. The risk is supported through asset backed credit facilities.

#### PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

#### AUDITORS

The auditors, Moore Stephens, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 August 2012 and signed on its behalf



**G Humphreys**  
Director

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## EUROFILMS EXTRUSION LIMITED

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### INDEPENDENT AUDITORS' REPORT TO EUROFILMS EXTRUSION LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

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We have examined the abbreviated accounts set out on pages 5 to 20, together with the financial statements of Eurofilms Extrusion Limite for the year ended 31 December 2011 prepared under section 396 of the Companies Act 2006

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special Auditors' 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, for our work, for this report, or for the opinions we have formed.

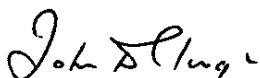
#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

#### OPINION ON FINANCIAL STATEMENTS

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts on pages 5 to 20 have been properly prepared in accordance with the regulations made under that section.



John D Clough (Senior statutory auditor)  
for and on behalf of

**Moore Stephens**

Chartered Accountants & Registered Auditors  
6 Ridge House  
Ridgehouse Drive  
Festival Park  
Stoke on Trent  
Staffordshire  
ST1 5TL

Date 10/08/12

**EUROFILMS EXTRUSION LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2011

	Note	2011 £	2010 £
<b>TURNOVER</b>	1,2	<b>22,277,331</b>	<b>19,289,087</b>
<b>GROSS PROFIT</b>		<b>3,211,199</b>	<b>2,321,664</b>
Administrative expenses		<b>(2,237,743)</b>	<b>(1,925,010)</b>
Exceptional administrative expenses		<b>(525,000)</b>	<b>-</b>
Total administrative expenses		<b>(2,762,743)</b>	<b>(1,925,010)</b>
Other operating charges		<b>250</b>	<b>(6,375)</b>
<b>OPERATING PROFIT</b>	3	<b>448,706</b>	<b>390,279</b>
Interest receivable and similar income		<b>90</b>	<b>576</b>
Interest payable and similar charges	6	<b>(97,283)</b>	<b>(112,687)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>351,513</b>	<b>278,168</b>
Tax on profit on ordinary activities	7	<b>(78,092)</b>	<b>(64,970)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	15	<b>273,421</b>	<b>213,198</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and Loss account

The notes on pages 8 to 20 form part of these financial statements



**EUROFILMS EXTRUSION LIMITED**  
Registered number: 03038727

**ABBREVIATED BALANCE SHEET**  
as at 31 December 2011

	Note	£	2011 £	£	2010 £
<b>FIXED ASSETS</b>					
Tangible assets	8		1,409,183		1,661,033
<b>CURRENT ASSETS</b>					
Stocks	9	1,577,244		1,386,742	
Debtors	10	4,608,420		4,096,055	
Cash at bank		315,122		452,258	
			<u>6,500,786</u>	<u>5,935,055</u>	
<b>CREDITORS</b> amounts falling due within one year	11	(4,479,267)		(4,126,056)	
<b>NET CURRENT ASSETS</b>			<u>2,021,519</u>		<u>1,808,999</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,430,702</u>		<u>3,470,032</u>
<b>CREDITORS</b> , amounts falling due after more than one year	12		(229,197)		(222,482)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		(69,292)		(18,468)
<b>NET ASSETS</b>			<u>3,132,213</u>		<u>3,229,082</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		660,000		660,000
Capital redemption reserve	15		136,333		136,333
Profit and loss account	15		2,335,880		2,432,749
<b>SHAREHOLDERS' FUNDS</b>	16		<u>3,132,213</u>		<u>3,229,082</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of section 445(3) of the Companies Act 2006 relating to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on

10 August 2012



**N Smith**  
Director

The notes on pages 8 to 19 form part of these financial statements

**EUROFILMS EXTRUSION LIMITED**

**ABBREVIATED CASH FLOW STATEMENT  
for the year ended 31 December 2011**

	Note	2011 £	2010 £
Net cash flow from operating activities	18	25,702	607,696
Returns on investments and servicing of finance	19	(97,193)	(112,111)
Taxation		(121)	(2,541)
Capital expenditure and financial investment	19	(89,094)	(333,146)
Equity dividends paid		(370,290)	(288,693)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(530,996)</b>	<b>(128,795)</b>
Financing	19	(212,202)	241,892
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(743,198)</b>	<b>113,097</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
for the year ended 31 December 2011**

	2011 £	2010 £
(Decrease)/Increase in cash in the year	(743,198)	113,097
Cash outflow from decrease in debt and lease financing	212,202	(236,892)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(530,996)</b>	<b>(123,795)</b>
Net debt at 1 January 2011	(1,600,252)	(1,476,457)
<b>NET DEBT AT 31 DECEMBER 2011</b>	<b>(2,131,248)</b>	<b>(1,600,252)</b>

The notes on pages 8 to 20 form part of these financial statements

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## EUROFILMS EXTRUSION LIMITED

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### NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2011

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#### 1. ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with applicable accounting standards

##### 1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Revenue is recognised when substantially all of the risks and rewards of ownership have passed to the customer, that is, when goods have been dispatched

##### 1.3 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Leasehold property improvements	-	over the period of the lease
Plant & machinery	-	20% reducing balance
Computer equipment	-	25% straight line

##### 1.4 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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.

##### 1.5 OPERATING LEASES

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### 1.6 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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## **EUROFILMS EXTRUSION LIMITED**

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### **NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2011**

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#### **1 ACCOUNTING POLICIES (continued)**

##### **1.7 DEFERRED TAXATION**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

##### **1 8 FOREIGN CURRENCIES**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

##### **1.9 PENSIONS**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

##### **1 10 SHARE OPTIONS GRANTED TO EMPLOYEES**

For share options which are vested at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss with a corresponding credit to reserves

##### **1.11 EMPLOYER FINANCED RETIREMENT BENEFIT SCHEMES (EFRBS)**

During the year the Company established an employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, The Eurofilms Extrusion Limited 2011 EFRBS ("the Scheme")

In accordance with UITF Abstract 32 "Employee Benefit Trusts and other intermediate payment arrangements", the Company does not include the assets and liabilities of the Scheme on its balance sheet to the extent that it considers that it will not retain and future economic benefit from the assets of the Scheme and will not have control of the rights or other access to those future economic benefits

## EUROFILMS EXTRUSION LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2011

#### 2 TURNOVER

The whole of the turnover and profit before taxation is attributable to the one principal activity of the company

A geographical analysis of turnover is as follows

	2011 £	2010 £
United Kingdom	19,697,961	17,164,578
Rest of European Union	2,579,370	2,124,509
	<u>22,277,331</u>	<u>19,289,087</u>

#### 3. OPERATING PROFIT

The operating profit is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	218,460	251,189
- held under finance leases	122,484	83,135
Auditors' remuneration	12,500	12,000
Operating lease rentals		
- plant and machinery	38,613	46,352
- other operating leases	228,865	213,059
Administration exceptional (on face of P&L a/c)	<u>525,000</u>	<u>-</u>

#### Exceptional items

Exceptional administration expenses are Employer Financed Retirement Benefit Scheme contributions. These relate to payments made by the company for the benefit of employees. See Note 5 below.

# EUROFILMS EXTRUSION LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2011

### 4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2011 £	2010 £
Wages and salaries	1,998,267	1,388,344
Social security costs	132,791	132,553
Other pension costs	32,718	24,530
	<u>2,163,776</u>	<u>1,545,427</u>

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

	2011 No.	2010 No
Production	45	46
Selling	13	13
Administration	6	6
	<u>64</u>	<u>65</u>

### 5. DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments	<u>50,856</u>	<u>42,125</u>
Company pension contributions to defined contribution pension schemes	<u>20,000</u>	<u>12,000</u>

During the year retirement benefits were accruing to 2 directors (2010 - 2) in respect of defined contribution pension schemes

During the year the Company, in order to motivate and incentivise its officers and employees, established an employer financed retirement benefit scheme for the benefit of the Company's officers, employees and their wider families, The Eurofilms Extrusion Limited 2011 EFRBS ("the Scheme") The Scheme contributions made during the year amounted to £525,000 Because the value created in the Scheme is held on terms which are discretionary and no earmarking has yet taken place, it is not considered that these amounts can be regarded as directors' remuneration and, therefore, these amounts have been excluded from the overall figure above and the remuneration of the highest paid director

**EUROFILMS EXTRUSION LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
for the year ended 31 December 2011**

**6. INTEREST PAYABLE**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	<b>63,344</b>	<b>49,441</b>
On finance leases and hire purchase contracts	<b>33,939</b>	<b>63,246</b>
	<b>97,283</b>	<b>112,687</b>

**7. TAXATION**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the year	<b>25,378</b>	<b>121</b>
Adjustments in respect of prior periods	<b>2,011</b>	<b>-</b>
<b>TOTAL CURRENT TAX</b>	<b>27,389</b>	<b>121</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	<b>(8,647)</b>	<b>16,608</b>
Tax losses utilised	<b>59,350</b>	<b>48,241</b>
<b>TOTAL DEFERRED TAX</b> (see note 13)	<b>50,703</b>	<b>64,849</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>78,092</b>	<b>64,970</b>

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**EUROFILMS EXTRUSION LIMITED**

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**NOTES TO THE ABBREVIATED ACCOUNTS**  
for the year ended 31 December 2011

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**7. TAXATION (continued)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than *(2010 - lower than)* the standard rate of corporation tax in the UK of 20% *(2010 - 21%)*. The differences are explained below

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b>351,513</b>	<b>278,168</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% <i>(2010 - 21%)</i>	<b>70,303</b>	<b>58,415</b>
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>453</b>	<b>926</b>
Capital allowances for year in excess of depreciation	<b>6,985</b>	<b>(19,322)</b>
Utilisation of tax losses	<b>(59,350)</b>	<b>(39,898)</b>
Adjustments to tax charge in respect of prior periods	<b>2,011</b>	<b>-</b>
Other differences leading to an increase in the tax charge	<b>6,987</b>	<b>-</b>
<b>CURRENT TAX CHARGE FOR THE YEAR/PERIOD</b> (see note above)	<b>27,389</b>	<b>121</b>



**EUROFILMS EXTRUSION LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
for the year ended 31 December 2011**

**8. TANGIBLE FIXED ASSETS**

	Leasehold property improvement £	Plant & machinery £	Computer equipment £	Total £
<b>COST</b>				
At 1 January 2011	209,732	4,969,723	121,088	5,300,543
Additions	37,131	36,500	15,463	89,094
At 31 December 2011	<u>246,863</u>	<u>5,006,223</u>	<u>136,551</u>	<u>5,389,637</u>
<b>DEPRECIATION</b>				
At 1 January 2011	136,049	3,397,683	105,778	3,639,510
Charge for the year	10,526	318,897	11,521	340,944
At 31 December 2011	<u>146,575</u>	<u>3,716,580</u>	<u>117,299</u>	<u>3,980,454</u>
<b>NET BOOK VALUE</b>				
At 31 December 2011	<u>100,288</u>	<u>1,289,643</u>	<u>19,252</u>	<u>1,409,183</u>
At 31 December 2010	<u>73,683</u>	<u>1,572,040</u>	<u>15,310</u>	<u>1,661,033</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2011 £	2010 £
Plant and machinery	467,264	301,916
Computer equipment	7,655	15,310
	<u>474,919</u>	<u>317,226</u>

**9. STOCKS**

	2011 £	2010 £
Raw materials	739,476	942,347
Finished goods and goods for resale	837,768	444,395
	<u>1,577,244</u>	<u>1,386,742</u>

**EUROFILMS EXTRUSION LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
for the year ended 31 December 2011**

**10. DEBTORS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade debtors	4,269,317	3,737,888
Other debtors	127,571	38,353
Prepayments and accrued income	211,532	319,814
	<u>4,608,420</u>	<u>4,096,055</u>

**11. CREDITORS.  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	2,036,199	1,421,821
Net obligations under finance leases and hire purchase contracts	180,974	408,207
Trade creditors	1,548,296	1,805,082
Corporation tax	25,378	-
Social security and other taxes	278,324	181,415
Other creditors	-	3,066
Accruals and deferred income	410,096	306,465
	<u>4,479,267</u>	<u>4,126,056</u>

Bank loans and overdrafts are secured by a fixed and floating charge over all assets of the company

Finance lease and hire purchase creditors are secured on the assets concerned

**12 CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans	-	44,158
Net obligations under finance leases and hire purchase contracts	229,197	178,324
	<u>229,197</u>	<u>222,482</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Between one and five years	<u>229,197</u>	<u>178,324</u>

**EUROFILMS EXTRUSION LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS  
for the year ended 31 December 2011**

**13 DEFERRED TAXATION**

	2011 £	2010 £
At beginning of year	18,468	(45,687)
Charge for year	50,824	64,155
At end of year	<u>69,292</u>	<u>18,468</u>

The provision for deferred taxation is made up as follows

	2011 £	2010 £
Accelerated capital allowances	69,292	77,818
Tax losses carried forward	-	(59,350)
	<u>69,292</u>	<u>18,468</u>

**14. SHARE CAPITAL**

	2011 £	2010 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
660,000 Ordinary shares of £1 each	<u>660,000</u>	<u>660,000</u>

**15. RESERVES**

	Capital redempt'n reserve £	Profit and loss account £
At 1 January 2011	136,333	2,432,749
Profit for the year		273,421
Dividends Equity capital		(370,290)
At 31 December 2011	<u>136,333</u>	<u>2,335,880</u>

The directors have decided not to show a share option reserve separately from retained earnings as permitted by FRS20 Share-based Payment

# EUROFILMS EXTRUSION LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2011

### 16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	3,229,082	3,299,577
Profit for the year	273,421	213,198
Dividends (Note 17)	(370,290)	(288,693)
Shares issued during the year	-	5,000
Closing shareholders' funds	<u>3,132,213</u>	<u>3,229,082</u>

### 17. DIVIDENDS

	2011 £	2010 £
Dividends paid on equity capital	<u>370,290</u>	<u>288,693</u>

The dividends were paid to directors as follows

Mr G Humphreys £174,430 (2010 - £113,655), Mr D Thomas £54,905 (2010 - £54,954), Mr M Palmer £65,955 (2010 - £65,084) and Mr N Smith £75,000 (2010 - £55,000)

### 18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	448,706	390,279
Depreciation of tangible fixed assets	340,944	334,324
(Increase)/decrease in stocks	(190,502)	32,772
Increase in debtors	(514,134)	(439,398)
(Decrease)/increase in creditors	(59,312)	289,719
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u><b>25,702</b></u>	<u><b>607,696</b></u>

Included within operating profit are contributions of £525,200 to The Eurofilms Extrusion Limited Employer Financed Retirement Benefit Scheme, shown as exceptional administrative expenses on the face of the profit and loss account. All contributions payable were paid in the year.

**EUROFILMS EXTRUSION LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
for the year ended 31 December 2011

**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2011 £	2010 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	90	576
Interest paid	(63,344)	(49,441)
Hire purchase interest	(33,939)	(63,246)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>(97,193)</b>	<b>(112,111)</b>
	2011 £	2010 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(89,094)	(333,146)
	2011 £	2010 £
<b>FINANCING</b>		
Issue of ordinary shares	-	5,000
New secured loans	-	90,000
Repayment of loans	(35,842)	-
(Repayment of)/new finance leases	(176,360)	146,892
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING</b>	<b>(212,202)</b>	<b>241,892</b>

**20 ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2011 £	Cash flow £	Other non-cash changes £	31 December 2011 £
Cash at bank and in hand	452,258	(137,136)	-	315,122
Invoice discounting	(1,375,979)	(606,062)	-	(1,982,041)
	<b>(923,721)</b>	<b>(743,198)</b>	<b>-</b>	<b>(1,666,919)</b>
Finance leases	(586,531)	176,360	-	(410,171)
Debts due within one year	(45,842)	35,842	(44,158)	(54,158)
Debts falling due after more than one year	(44,158)	-	44,158	-
<b>NET DEBT</b>	<b>(1,600,252)</b>	<b>(530,996)</b>	<b>-</b>	<b>(2,131,248)</b>

# EUROFILMS EXTRUSION LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2011

### 21 OPERATING LEASE COMMITMENTS

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
<b>EXPIRY DATE:</b>				
Within 1 year	-	-	4,175	7,034
Between 2 and 5 years	-	-	9,911	14,921
After more than 5 years	194,397	226,500	-	-

### 22. SHARE BASED PAYMENTS

At the balance sheet date the company had options to purchase ordinary shares outstanding as follows

2011

Date of grant	Exercise price	Number of options	Call option value	Fair value of options
3 October 2008	£0.89	75,000	£0.38	£28,824
6 October 2008	£0.89	33,000	£0.38	£12,684
<b>Total</b>				<b>£41,508</b>

2010

Date of grant	Exercise price	Number of options	Call option value	Fair value of options
3 October 2008	£0.89	75,000	£0.38	£28,824
6 October 2008	£0.89	33,000	£0.38	£12,684
<b>Total</b>				<b>£41,508</b>

The options granted on 3 October 2008 are exercisable in whole or in part tranches of not less than 5,000 shares at any time during the period commencing on the date of grant and ending on the day immediately before the tenth anniversary of the date of grant

The options granted on 6 October 2008 are exercisable in whole or in part at any time during the period commencing on the date of grant and ending on the day immediately before the tenth anniversary of the date of grant on change in control, flotation, liquidation or demerger of the company

No monetary consideration was payable by the option holders for the grant of the options to them

On 28 February 2010 N Smith, a director, exercised options over 5000 £1 ordinary shares. A consideration of £0.89 per share was paid.

The fair value of the options granted are stated in the table above. The call option values have been determined using the Black Scholes valuation model. Inputs to the model were as follows

	Options granted 03.10.08	Options granted 06.10.08
Stock price	£0.89	£0.89
Exercise price	£0.89	£0.89

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**EUROFILMS EXTRUSION LIMITED**

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**NOTES TO THE ABBREVIATED ACCOUNTS**  
**for the year ended 31 December 2011**

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**22. SHARE BASED PAYMENTS (continued)**

<b>Term</b>	<b>5 years</b>	<b>5 years</b>
<b>Volatility</b>	<b>42%</b>	<b>42%</b>
<b>Annual rate of quarterly dividends</b>	<b>0%</b>	<b>0%</b>
<b>Discount rate</b>	<b>4.4%</b>	<b>4.4%</b>

The stock prices are those agreed with HMRC in relation to the options

The exercise prices are those per the option agreements

The term is management's expectation of the average period to option exercise

The volatility is based on that of a similar quoted company

The discount rate is the yield on a similarly dated government gilt

**23. DIRECTORS' BENEFITS: ADVANCES, CREDIT AND GUARANTEES**

The following loans to directors subsisted in the year ended 31 December 2011

	<b>Outstanding at start of year £</b>	<b>Outstanding at end of year £</b>	<b>Maximum balance outstanding during year £</b>
G Humphreys	20,599	27,389	27,389
N A Smith	4,450	4,450	4,450
Total	<u>25,049</u>	<u>31,839</u>	<u>31,839</u>

**24. CONTROLLING PARTY**

The company is controlled by Mr G Humphreys