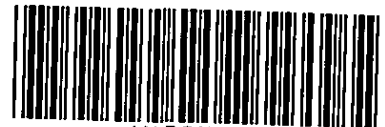

EUROFILMS EXTRUSION LIMITED

ABBREVIATED ACCOUNTS

for the year ended 31 December 2009

THURSDAY



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COMPANIES HOUSE

EUROFILMS EXTRUSION LIMITED

COMPANY INFORMATION

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
Stoke on Trent
Staffordshire
ST1 5TL

AUDITORS

Moore Stephens
Chartered Accountants & Registered Auditors
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

EUROFILMS EXTRUSION LIMITED

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Balance sheet	6
Cash flow statement	7
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EUROFILMS EXTRUSION LIMITED

DIRECTORS' REPORT for the year ended 31 December 2009

The directors present their report and the financial statements for the year ended 31 December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 decreased by £864k an decrease of 4.8% over the previous year.

The gross profit margin reported for the year of 18.8% shows an increase of 2.4% against 2008.

Administration expenses have increased by 2.9% over last year.

The overall net assets of the business increased by £165k compared to the previous year.

Polymer prices fell during the final part of 2008 and the company benefited during the first quarter of 2009 as the markets levelled out. However, the main theme of 2009 was a continual increase in polymer prices with industry indexes showing a £300 per tonne increase in polymer prices over the period.

Eurofilms has continued its investment in machinery during the year to improve existing investments and develop new projects within the market place.

We are also pleased to have gained the Investors in Excellence (IIE) recognition at the end of the financial year. The achievement of reaching the IIE standard has been an enjoyable journey, which has involved all of our team in looking to adopt best practice, identify areas for improvement and use the quality model as a basis for inspiration. Our involvement with Midlands Excellence has been important to our development in recent years.

In addition, we have also been awarded the Shropshire Business Award for the best manufacturing business of

EUROFILMS EXTRUSION LIMITED

DIRECTORS' REPORT for the year ended 31 December 2009

the year in the area. This was based on various criteria including aspects of innovation, competitive effectiveness, product reliability and problem solving skills.

We aim to support our employees in various ways to achieve both their personal goals and those of the business. Our retention rate during 2009 has been reported at 90%.

Company Strategy

The directors are now in the second year of the 5 year financial plan. The fundamental principles within the plan 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 2010, which will be used to closely monitor performance.

Research and Development

Eurofilms is being linked with investments for innovative projects. A few ideas have been presented for funding but have yet to be successful based on the funding criteria being applied. The current projects being processed are exciting in their potential but are confidential at this stage of evolution.

Principle Risks and Uncertainties

The packaging industry is fairly resilient to the impacts of recession compared to other more vulnerable industries. Therefore, in general terms, the volumes have not suffered during the last 2 years. It is the continual price increases during 2009 and the first few months of 2010 which have the threat of squeezing margins in our industry.

The additional global supply of polymer from the Middle East has failed to materialise to date and the anticipated reduction in polymer prices has lagged behind "expert" petrochemical economist forecasts.

We are forced to manage credit levels very closely despite having credit insurance cover for most of our customers. This strategy has proved to be correct with no significant bad debts being incurred in the financial year.

Key Performance Indicators

Reduction in sales - 4.8% (2008 - 23.5%) - year on year sales growth expressed as a percentage. The variance is due to a slight reduction in volumes year on year. The demand for thinner films by the customer has a consequential reduction in tonnes sold.

Growth in margin - 18.8% (2008 - 16.4%) - gross profit for the year divided by the sales for the year. Higher gross profit margin in the current year is due to initial fluctuations in polymer prices.

Employee retention - 90% (2008 - 80%) - 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 £536,893 (2008 - £288,397).

EUROFILMS EXTRUSION LIMITED

DIRECTORS' REPORT for the year ended 31 December 2009

DIRECTORS

The directors who served during the year were

N Smith
G Humphreys
M Palmer
D Thomas
S McCool (resigned 31 March 2009)
W J Humphreys (appointed 21 January 2010)

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 capacities.

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 26 July 2010 and signed on its behalf



N Smith
Director

EUROFILMS EXTRUSION LIMITED

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

We have examined the abbreviated accounts set out on pages 5 to 20, together with the financial statements of Eurofilms Extrusion Limited for the year ended 31 December 2009 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.

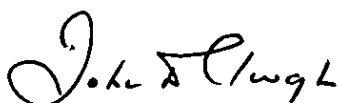
RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

Date 28 July 2010 .

EUROFILMS EXTRUSION LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

	Note	2009 £	2008 £
TURNOVER	1,2	17,315,509	18,179,274
GROSS PROFIT		3,253,487	2,982,798
Administrative expenses		(2,623,791)	(2,550,075)
Other operating charges		(2,796)	-
OPERATING PROFIT	3	626,900	432,723
Interest receivable		2,522	5,896
Interest payable	6	(137,686)	(139,358)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		491,736	299,261
Tax on profit on ordinary activities	7	45,157	(10,864)
PROFIT FOR THE FINANCIAL YEAR		536,893	288,397

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 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 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	8		1,662,211		1,589,814
CURRENT ASSETS					
Stocks	9	1,419,514		1,183,781	
Debtors	10	3,701,148		4,269,991	
Cash at bank		271,371		267,497	
		<u>5,392,033</u>		<u>5,721,269</u>	
CREDITORS , amounts falling due within one year	11	<u>(3,486,805)</u>		<u>(3,669,414)</u>	
NET CURRENT ASSETS			<u>1,905,228</u>		<u>2,051,855</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,567,439</u>		<u>3,641,669</u>
CREDITORS : amounts falling due after more than one year	12		<u>(267,862)</u>		<u>(463,363)</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	13		-		(43,256)
NET ASSETS			<u><u>3,299,577</u></u>		<u><u>3,135,050</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		655,000		791,333
Capital redemption reserve	15		136,333		-
Share option reserve	15		43,430		43,430
Profit and loss account	15		<u>2,464,814</u>		<u>2,300,287</u>
SHAREHOLDERS' FUNDS	16		<u><u>3,299,577</u></u>		<u><u>3,135,050</u></u>

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


G Humphreys
Director

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

EUROFILMS EXTRUSION LIMITED

ABBREVIATED CASH FLOW STATEMENT
for the year ended 31 December 2009

	Note	2009 £	2008 £
Net cash flow from operating activities	18	1,610,208	368,428
Returns on investments and servicing of finance	19	(135,164)	(133,462)
Taxation		2,390	(3,453)
Capital expenditure and financial investment	19	(422,764)	(35,951)
Equity dividends paid		(192,366)	-
CASH INFLOW BEFORE FINANCING		862,304	195,562
Financing	19	(303,468)	(355,061)
INCREASE/(DECREASE) IN CASH IN THE YEAR		558,836	(159,499)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
for the year ended 31 December 2009

	2009 £	2008 £
Increase/(Decrease) in cash in the year	558,836	(159,499)
Cash outflow from decrease in debt and lease financing	123,468	355,061
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	682,304	195,562
New finance leases	(30,620)	(322,127)
MOVEMENT IN NET DEBT IN THE YEAR	651,684	(126,565)
Net debt at 1 January 2009	(2,128,141)	(2,001,576)
NET DEBT AT 31 DECEMBER 2009	(1,476,457)	(2,128,141)

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

EUROFILMS EXTRUSION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2009

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, 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

L/Term leasehold improvements	-	over the period of the lease
Plant & machinery	-	between 10 and 15 years
Computer equipment	-	over 4 years

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.

EUROFILMS EXTRUSION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2009

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 share option reserve

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

	2009 £	2008 £
United Kingdom	15,071,844	17,024,924
Rest of European Union	2,243,665	1,154,350
	<u>17,315,509</u>	<u>18,179,274</u>

EUROFILMS EXTRUSION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2009

3 OPERATING PROFIT

The operating profit is stated after charging

	2009 £	2008 £
Depreciation of tangible fixed assets		
- owned by the company	202,570	152,696
- held under finance leases	166,011	212,697
Audit fee	11,000	10,000
Operating lease rentals		
- plant and machinery	49,612	58,016
- other operating leases	233,220	228,214
Fair value of share options granted	-	43,430
	<u> </u>	<u> </u>

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2009 £	2008 £
Wages and salaries	1,704,463	1,571,184
Social security costs	185,120	144,692
Other pension costs	74,183	35,956
	<u>1,963,766</u>	<u>1,751,832</u>

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

	2009 No	2008 No
Production	44	38
Selling	12	11
Administration	6	10
	<u>62</u>	<u>59</u>

Wages and salaries costs include £nil (2008 - £43,430) relating to share options granted in the year

EUROFILMS EXTRUSION LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 December 2009**

5. DIRECTORS' REMUNERATION

	2009 £	2008 £
Emoluments	<u>475,952</u>	<u>434,397</u>
Company pension contributions to money purchase pension schemes	<u>61,400</u>	<u>23,503</u>

During the year retirement benefits were accruing to 2 directors (2008 - 2) in respect of money purchase pension schemes

The highest paid director received remuneration of £257,338 (2008 - £137,459)

6. INTEREST PAYABLE

	2009 £	2008 £
On bank loans and overdrafts	28,881	109,994
On finance leases and hire purchase contracts	108,805	29,364
	<u>137,686</u>	<u>139,358</u>

7. TAXATION

	2009 £	2008 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	530	1,224
DEFERRED TAX		
Origination and reversal of timing differences	18,648	9,640
Recognition of tax losses asset	(64,335)	-
TOTAL DEFERRED TAX (see note 13)	<u>(45,687)</u>	<u>9,640</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>(45,157)</u>	<u>10,864</u>

EUROFILMS EXTRUSION LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 December 2009**

7 TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2008 - lower than) the standard rate of corporation tax in the UK (21%). The differences are explained below

	2009	2008
	£	£
Profit on ordinary activities before tax	491,736	299,261
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2008 - 21%)	103,265	62,845
EFFECTS OF.		
Expenses not deductible for tax purposes	3,871	2,523
Depreciation in excess of capital allowances	(16,086)	(1,817)
Utilisation of tax losses	(87,958)	(56,474)
Other short term timing differences	(2,562)	(5,838)
Marginal tax rate adjustment	-	(15)
CURRENT TAX CHARGE FOR THE YEAR (see note above)	530	1,224

In 2008 a deferred tax asset of £195,549 was not recognised on the basis that it could not be stated with certainty that the unrelieved tax losses were more likely than not to be recovered. A deferred tax asset of £107,591 in relation to tax losses carried forward has been recognised this year.

8 TANGIBLE FIXED ASSETS

	Leasehold improvement £	Plant and machinery £	Computer equipment £	Total £
COST				
At 1 January 2009	209,732	4,242,710	90,468	4,542,910
Additions	-	428,450	30,620	459,070
Disposals	-	(34,582)	-	(34,582)
At 31 December 2009	209,732	4,636,578	121,088	4,967,398
DEPRECIATION				
At 1 January 2009	145,201	2,740,044	67,851	2,953,096
Charge for the year	7,428	330,881	30,272	368,581
On disposals	-	(16,490)	-	(16,490)
At 31 December 2009	152,629	3,054,435	98,123	3,305,187
NET BOOK VALUE				
At 31 December 2009	57,103	1,582,143	22,965	1,662,211
At 31 December 2008	64,531	1,502,666	22,617	1,589,814

EUROFILMS EXTRUSION LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 December 2009**

8 TANGIBLE FIXED ASSETS (continued)

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

	2009 £	2008 £
Plant and machinery	633,426	1,024,003
Computer equipment	22,965	-
	<u>656,391</u>	<u>1,024,003</u>

9. STOCKS

	2009 £	2008 £
Raw materials	1,168,362	710,935
Finished goods and goods for resale	251,152	472,846
	<u>1,419,514</u>	<u>1,183,781</u>

10 DEBTORS

	2009 £	2008 £
Trade debtors	3,434,392	4,094,005
Other debtors	40,744	39,501
Prepayments and accrued income	180,325	136,485
Deferred tax asset (see note 13)	45,687	-
	<u>3,701,148</u>	<u>4,269,991</u>

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

	2009 £	2008 £
Bank loans and overdrafts	1,308,189	1,863,151
Net obligations under finance leases and hire purchase contracts	171,777	120,196
Trade creditors	1,407,314	932,533
Corporation tax	530	1,224
Social security and other taxes	160,968	236,128
Other creditors	2,156	134,009
Accruals and deferred income	435,871	382,173
	<u>3,486,805</u>	<u>3,669,414</u>

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

EUROFILMS EXTRUSION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 December 2009

11. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

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

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

	2009 £	2008 £
Net obligations under finance leases and hire purchase contracts	267,862	412,291
Other creditors	-	51,072
	<u>267,862</u>	<u>463,363</u>

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

	2009 £	2008 £
Between one and five years	<u>267,862</u>	<u>412,291</u>

13 DEFERRED TAXATION

	2009 £	2008 £
At beginning of year	2,431	(33,616)
Released during/(charged for) year	43,256	(9,640)
At end of year	<u>45,687</u>	<u>(43,256)</u>

The deferred taxation balance is made up as follows

	2009 £	2008 £
Accelerated capital allowances	61,904	45,818
Tax losses carried forward	(107,591)	-
General bad debt provision	-	(2,562)
	<u>(45,687)</u>	<u>43,256</u>

EUROFILMS EXTRUSION LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 December 2009

14. SHARE CAPITAL

	2009 £	2008 £
ALLOTTED, CALLED UP AND FULLY PAID		
655,000 (2008 - 791,333) Ordinary shares of £1 each	<u>655,000</u>	<u>791,333</u>

On 4 March 2009 the company repurchased 83,000 of its ordinary £1 shares for a consideration of £130,000

On 12 June 2009 the company repurchased a further 53,333 of its ordinary £1 shares for a consideration of £50,000

15. RESERVES

	Capital redempt'n reserve £	Share option reserve £	Profit and loss account £
At 1 January 2009		43,430	2,300,287
Profit for the year			536,893
Dividends Equity capital			(192,366)
Purchase of own shares			(180,000)
Transfer on purchase of own shares	136,333		
At 31 December 2009	<u>136,333</u>	<u>43,430</u>	<u>2,464,814</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Opening shareholders' funds	3,135,050	2,803,223
Profit for the year	536,893	288,397
Dividends (Note 17)	(192,366)	-
Shares redeemed/cancelled during the year	(180,000)	-
Fair value of share options granted in the period	-	43,430
Closing shareholders' funds	<u>3,299,577</u>	<u>3,135,050</u>

EUROFILMS EXTRUSION LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
for the year ended 31 December 2009**

17. DIVIDENDS

	2009	2008
	£	£
Dividends paid on equity capital	192,366	-

The dividends were paid to directors as follows

Mr G Humphreys £122,137 (2008 - £NIL), Mr D Thomas £15,267 (2008 - £Nil) and Mr M Palmer £24,427 (2008 - £NIL)

Since the year end dividends totalling £141,102 have been paid, including dividends paid to directors of Mr G Humphreys £45,630, Mr D Thomas £29,970, Mr N Smith £30,000 and Mr M Palmer £35,502

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2009	2008
	£	£
Operating profit	626,900	432,723
Depreciation of tangible fixed assets	368,581	365,392
Loss on disposal of tangible fixed assets	12,406	-
(Increase)/decrease in stocks	(235,733)	187,953
Decrease/(increase) in debtors	567,659	(788,849)
Increase in creditors	270,395	127,779
Equity settled share-based payment expenses	-	43,430
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,610,208	368,428

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

	2009	2008
	£	£
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	2,522	5,896
Interest paid	(28,881)	(109,994)
Hire purchase interest	(108,805)	(29,364)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(135,164)	(133,462)
	2009	2008
	£	£
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(428,450)	(35,951)
Sale of tangible fixed assets	5,686	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(422,764)	(35,951)

EUROFILMS EXTRUSION LIMITED

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19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2009 £	2008 £
FINANCING		
Purchase of ordinary shares	(180,000)	-
Repayment of finance leases	(123,468)	(355,061)
NET CASH OUTFLOW FROM FINANCING	<u>(303,468)</u>	<u>(355,061)</u>

20. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2009 £	Cash flow £	Other non-cash changes £	31 December 2009 £
Cash at bank and in hand	267,497	3,874	-	271,371
Invoice discounting	(1,863,151)	554,962	-	(1,308,189)
	<u>(1,595,654)</u>	<u>558,836</u>	<u>-</u>	<u>(1,036,818)</u>
Finance leases	(532,487)	123,468	(30,620)	(439,639)
NET DEBT	<u>(2,128,141)</u>	<u>682,304</u>	<u>(30,620)</u>	<u>(1,476,457)</u>

21. MAJOR NON-CASH TRANSACTIONS

During the year the company entered into new finance lease agreements for plant and machinery at a value of £30,620 (2008 - £322,127)

22. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

EUROFILMS EXTRUSION LIMITED

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23. OPERATING LEASE COMMITMENTS

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2009	2008	2009	2008
	£	£	£	£
EXPIRY DATE:				
Within 1 year	-	-	5,983	-
Between 2 and 5 years	-	-	15,024	17,194
After more than 5 years	226,500	226,500	-	-
	<u>226,500</u>	<u>226,500</u>	<u>-</u>	<u>-</u>

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NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 2009

24 SHARE BASED PAYMENTS

During 2008 the company granted options to purchase ordinary shares to directors and employees as follows

Date of grant	Exercise price	Number of options	Call option value	Fair value of options
3 October 2008	£0.89	80,000	£0.38	£30,746
6 October 2008	£0.89	33,000	£0.38	£12,684
Total				£43,430

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
Term	5 years	5 years
Volatility	42%	42%
Annual rate of quarterly dividends	0%	0%
Discount rate	4.4%	4.4%

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.

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NOTES TO THE ABBREVIATED ACCOUNTS
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25 DIRECTORS' BENEFITS, ADVANCES, CREDIT AND GUARANTEES

The following loans to directors subsisted in the year ended 31 December 2008

	Outstanding at start of year £	Outstanding at end of year £	Maximum balance outstanding during year £
M Palmer	3,000	3,000	3,000
D Thomas	2,500	2,500	2,500
G Humphreys	19,790	19,790	19,790
Total	<u>25,290</u>	<u>25,290</u>	<u>25,290</u>

26 CONTROLLING PARTY

The company is controlled by Mr G Humphreys