

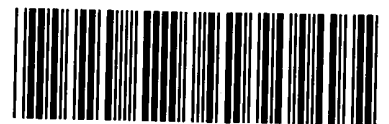
Registered number: 03038727

EUROFILMS EXTRUSION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

FRIDAY



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COMPANIES HOUSE

EUROFILMS EXTRUSION LIMITED

COMPANY INFORMATION

Directors	M Palmer D Thomas W J Humphreys
Company secretary	M Palmer
Registered number	03038727
Registered office	6 Ridge House Ridgehouse Drive Festival Park Stoke-on-Trent Staffordshire ST1 5TL
Independent auditors	Moore Stephens, Statutory Auditor Chartered Accountants 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

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8 - 9
Statement of cash flows	10
Notes to the financial statements	11 - 29

EUROFILMS EXTRUSION LIMITED

STRATEGIC REPORT For the Year Ended 31 December 2015

Introduction

The principle activity of the company is the manufacture and sale of industrial stretch film and collation shrink film.

Business review

The turnover for the year has increased by £0.3 million an increase of 1.3% over the previous year.

The operating profit for the year is reported at £0.3 million or 1.0% of turnover, compared to 4.9% in 2014.

The overall net assets of the business have decreased by £298k compared to the previous year.

We continue to follow and adhere to the principles of best practice and continuous improvement promoted by our association with Investors in People (IIP).

These standards are further enhanced by our recognition with both BRC Hygiene standards and ISO9001/2008.

Principal 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. Commencing in 2015, we undertook a strategic review of our supply chain policy and producers to further mitigate the associated risks in the polymer market place. Improvements in the supply chain risks were noted within the financial period.

We manage credit levels very closely despite having credit insurance cover for most of our customers.

Financial key performance indicators

Increase in sales 1.3% (2014 increase 8.7%) year on year sales growth expressed as a percentage. The variance is mainly due to increase in sales volumes.

The company reported an operating profit margin of 1.0% (2014 4.9%).

This report was approved by the board on 29 / 09 / 16 and signed on its behalf.



W J Humphreys
Director

EUROFILMS EXTRUSION LIMITED

DIRECTORS' REPORT For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £65,141 (2014 - £1,156,157).

Dividends paid in the year amounted to £363,543 (2014 - £370,236).

Directors

The directors who served during the year were:

N Smith (dec'd 8 March 2016)
G Humphreys (dec'd 12 April 2016)
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.

EUROFILMS EXTRUSION LIMITED

DIRECTORS' REPORT (CONTINUED) For the Year Ended 31 December 2015

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.

Research and development activities

Eurofilms continues to develop its range of stretch and shrink films to satisfy our customer's current and future needs. We have a strong supplier base who help support this endeavour at all times.

Disclosure 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 relevant audit information and to establish that the Company's auditors are aware of that information.


Post balance sheet events

In September 2016, the company received an Accelerated Payment Notice from HMRC, further details of which can be found in Note 31 to the financial statements.

Auditors

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

This report was approved by the board on 27/09/16 and signed on its behalf.


W J Humphreys
Director

EUROFILMS EXTRUSION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EUROFILMS EXTRUSION LIMITED

We have audited the financial statements of Eurofilms Extrusion Limited for the year ended 31 December 2015, set out on pages 6 to 29. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those accounts. In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors Report.

EUROFILMS EXTRUSION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EUROFILMS EXTRUSION LIMITED
(CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Moore Stephen .

Ashley M Conway (Senior statutory auditor)
for and on behalf of

Moore Stephens, Statutory Auditor

Chartered Accountants

6 Ridge House

Ridgehouse Drive

Festival Park

Stoke-on-Trent

Staffordshire

ST1 5TL

Date:

30/09/2016 .

EUROFILMS EXTRUSION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2015

	Note	2015 £	2014 £
Turnover	4	26,236,343	25,887,177
Cost of sales		(23,071,619)	(22,164,168)
Gross profit		3,164,724	3,723,009
Distribution costs		(1,810,671)	(1,577,190)
Administrative expenses		(984,349)	(803,061)
Other operating charges		(106,894)	(85,179)
Operating profit	5	262,810	1,257,579
Interest receivable and similar income	9	82	83
Interest payable and expenses	10	(168,054)	(103,609)
Profit before tax		94,838	1,154,053
Tax on profit	11	(29,697)	2,104
Profit for the year		65,141	1,156,157
Other comprehensive income for the year			
Total comprehensive income for the year		65,141	1,156,157

EUROFILMS EXTRUSION LIMITED
Registered number: 03038727

BALANCE SHEET
As at 31 December 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	13		3,396,658		1,280,643
Investments	14		1,097,000		182,000
			<u>4,493,658</u>		<u>1,462,643</u>
Current assets					
Stocks	15	1,433,944		2,140,242	
Debtors: amounts falling due within one year	16	6,474,034		6,574,783	
Cash at bank and in hand	17	294,094		382,401	
			<u>8,202,072</u>	<u>9,097,426</u>	
Creditors: amounts falling due within one year	18	(8,253,984)		(6,923,636)	
Net current (liabilities)/assets			<u>(51,912)</u>		<u>2,173,790</u>
Total assets less current liabilities			<u>4,441,746</u>		<u>3,636,433</u>
Creditors: amounts falling due after more than one year	19		(1,378,456)		(304,438)
Provisions for liabilities					
Deferred tax	22	(89,277)		(59,580)	
			<u>(89,277)</u>	<u>(59,580)</u>	
Net assets			<u>2,974,013</u>		<u>3,272,415</u>
Capital and reserves					
Called up share capital	23	660,000		660,000	
Capital redemption reserve	24	136,333		136,333	
Profit and loss account	24	2,177,680		2,476,082	
			<u>2,974,013</u>	<u>3,272,415</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

29/09/16


W J Humphreys
Director

The notes on pages 11 to 29 form part of these financial statements.

EUROFILMS EXTRUSION LIMITED

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2015

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	660,000	136,333	2,476,082	3,272,415
Comprehensive income for the year				
Profit for the year	-	-	65,141	65,141
Total comprehensive income for the year	-	-	65,141	65,141
Dividends: Equity capital	-	-	(363,543)	(363,543)
Total transactions with owners	-	-	(363,543)	(363,543)
At 31 December 2015	660,000	136,333	2,177,680	2,974,013

EUROFILMS EXTRUSION LIMITED

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2014

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2014	660,000	136,333	1,690,161	2,486,494
Comprehensive income for the year				
Profit for the year	-	-	1,156,157	1,156,157
Total comprehensive income for the year	-	-	1,156,157	1,156,157
Dividends: Equity capital	-	-	(370,236)	(370,236)
Total transactions with owners	-	-	(370,236)	(370,236)
At 31 December 2014	660,000	136,333	2,476,082	3,272,415

The notes on pages 11 to 29 form part of these financial statements.

EUROFILMS EXTRUSION LIMITED

STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	65,141	1,156,157
Adjustments for:		
Depreciation of tangible assets	397,242	281,553
Loss on disposal of tangible assets	(14,389)	-
Interest payable	124,421	103,609
Interest receivable	(82)	(83)
Taxation on profit	29,697	(2,104)
Decrease/(increase) in stocks	706,298	(165,388)
Decrease/(increase) in debtors	100,749	(858,462)
(Decrease)/increase in creditors	(117,586)	468,040
Corporation tax paid	-	(17,033)
Dividends paid	(363,543)	(370,236)
Net cash generated from operating activities	927,948	596,053
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,025,359)	(26,777)
Sale of tangible fixed assets	55,516	-
Purchase of unlisted and other investments	(215,000)	(182,000)
Interest received	82	83
Net cash from investing activities	(1,184,761)	(208,694)
Cash flows from financing activities		
Repayment of/new finance leases	(228,336)	(180,686)
Interest paid	(124,421)	(103,609)
Net cash used in financing activities	(352,757)	(284,295)
Net (decrease)/increase in cash and cash equivalents	(609,570)	103,064
Cash and cash equivalents at beginning of year	(2,573,460)	(2,676,524)
Cash and cash equivalents at the end of year	(3,183,030)	(2,573,460)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	294,094	382,401
Bank overdrafts	(3,477,124)	(2,955,861)
	(3,183,030)	(2,573,460)

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

1. General information

Eurofilms Extrusion Limited is a private company limited by shares, incorporated and domiciled in England & Wales. The registered office is 6 Ridge House, Ridgehouse Drive, Festival Park, Stoke-on-Trent, Staffordshire, ST1 5TL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, subject to the revaluation of certain financial instruments, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

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

2.4 Fixed asset investments

Investments held as fixed assets are stated at cost less any provisions for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

Investment income is recognised in the financial statements when the company becomes entitled to its share of profits from the fixed asset investment.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

2.12 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.14 Operating leases: lessee

Rentals paid 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.

2.15 Leased assets: lessee

Assets obtained under hire purchase contract 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.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Employer financed retirement benefit schemes (EFRBS)

During previous accounting periods the Company made additional contributions to a previously established EFRBS for the benefit of its officers, employees and their wider families, The Eurofilms Extrusion Limited 2011 EFRBS ("the Scheme").

In accordance with FRS 102, 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 any 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.

2.18 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Information about the significant judgments and estimates required in the provision of the financial statements is provided below.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence and physical deterioration.

Impairment of fixed asset investment

Management considers financial performance and other matters in relation to its investments to assess whether an indicator of impairment exists. Management has not identified any impairment indicators in relation to its investments. Where impairment indicators have been identified management reviews the estimated future revenue related to each investment in order to estimate fair value.

4. Turnover

The whole of the turnover is attributable to the one principal activity of the company.

Analysis of turnover by country of destination:

	2015 £	2014 £
United Kingdom	22,335,702	22,808,551
Rest of Europe	3,900,641	3,078,626
	<u>26,236,343</u>	<u>25,887,177</u>

5. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	397,242	281,553
Impairment of trade debtors	150,894	20,641
Exchange differences	106,894	85,179
Operating lease payments charged as an expense	323,101	291,025
Defined contribution pension cost	61,062	50,464
	<u>1,039,193</u>	<u>728,862</u>

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

6. Auditors' remuneration

	2015 £	2014 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	14,202	13,949
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	10,375	2,495
All other services	25,071	52,796
	<u><u> </u></u>	<u><u> </u></u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	1,888,843	1,748,335
Social security costs	176,201	156,113
Cost of defined contribution scheme	61,062	50,464
	<u><u>2,126,106</u></u>	<u><u>1,954,912</u></u>

Total key management personnel compensation for the year, including directors, totalled £72,805 (2014 - £67,630).

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

	2015 No.	2014 No.
Production	70	63
Selling	9	8
Administration	4	6
	<u><u>83</u></u>	<u><u>77</u></u>

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

8. Directors' remuneration

	2015	2014
	£	£
Directors' emoluments	47,605	43,430
Company contributions to defined contribution pension schemes	25,200	24,200
	72,805	67,630

During the year retirement benefits were accruing to 3 directors (2014 - 3) in respect of defined contribution pension schemes.

9. Interest receivable

	2015	2014
	£	£
Other interest receivable	82	83
	82	83

10. Interest payable and similar charges

	2015	2014
	£	£
Bank interest payable	78,329	91,957
Finance leases and hire purchase contracts	46,092	11,652
Losses on derivative financial instruments	43,633	-
	168,054	103,609

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

11. Taxation

	2015 £	2014 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	41,695	(2,104)
Changes to tax rates	(5,287)	-
Adjustment in respect of prior periods	(6,711)	-
Total deferred tax	29,697	(2,104)
Taxation on profit/(loss) on ordinary activities	29,697	(2,104)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	94,838	1,154,053
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	19,205	248,042
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	13,058	22,124
Utilisation of tax losses from fixed asset investments	-	(272,426)
Adjustments to tax charge in respect of prior periods	(6,711)	-
Changes to tax rates	(8,872)	156
Deferred tax not provided	13,017	-
Total tax charge for the year	29,697	(2,104)

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

11. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. Accordingly the company's profits for this accounting period are taxed at an effective rate of 20.25%. Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 16 March 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. As these changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would be immaterial.

12. Dividends

	2015 £	2014 £
Dividends paid on equity capital	363,543	370,236
	<u>363,543</u>	<u>370,236</u>

Dividends paid to directors were:

Mr G Humphreys £91,260 (2014 - £90,286), Mr D Thomas £59,950 (2014 - £63,950), Mr M Palmer £67,333 (2014 - £71,000), Mr N Smith £75,000 (2014 - £75,000) and Mr W J Humphreys £70,000 (2014 - £70,000).

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

13. Tangible fixed assets

	Leasehold property improvement £	Plant & machinery £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2015	263,646	5,797,978	142,797	6,204,421
Additions	427,908	2,088,219	38,257	2,554,384
Disposals	-	(285,196)	-	(285,196)
At 31 December 2015	<u>691,554</u>	<u>7,601,001</u>	<u>181,054</u>	<u>8,473,609</u>
Depreciation				
At 1 January 2015	191,024	4,595,666	137,088	4,923,778
Charge for the period	28,926	361,972	6,344	397,242
Disposals	-	(244,069)	-	(244,069)
At 31 December 2015	<u>219,950</u>	<u>4,713,569</u>	<u>143,432</u>	<u>5,076,951</u>
Net book value				
At 31 December 2015	<u>471,604</u>	<u>2,887,432</u>	<u>37,622</u>	<u>3,396,658</u>
At 31 December 2014	<u>72,622</u>	<u>1,202,312</u>	<u>5,709</u>	<u>1,280,643</u>

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

	2015 £	2014 £
Plant and machinery	1,910,757	536,626
Computer equipment	33,475	-
	<u>1,944,232</u>	<u>536,626</u>

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

14. Fixed asset investments

	Unlisted investment £
Cost or valuation	
At 1 January 2015	182,000
Additions	915,000
	<hr/>
At 31 December 2015	1,097,000
	<hr/>
Net book value	
At 31 December 2015	1,097,000
	<hr/> <hr/>
At 31 December 2014	182,000
	<hr/> <hr/>

During the year the company purchased a trust interest in possession (IIP) in settlements which are owed an equivalent amount of money.

15. Stocks

	2015 £	2014 £
Raw materials and consumables	718,202	970,963
Finished goods and goods for resale	715,742	1,169,279
	<hr/>	<hr/>
	1,433,944	2,140,242
	<hr/> <hr/>	<hr/> <hr/>

Stock recognised in cost of sales during the year as an expense was £19,637,727 (2014 - £19,098,301).

16. Debtors

	2015 £	2014 £
Trade debtors	6,340,294	6,073,150
Other debtors	6,809	282,479
Prepayments and accrued income	126,931	219,154
	<hr/>	<hr/>
	6,474,034	6,574,783
	<hr/> <hr/>	<hr/> <hr/>

Trade debtors are stated after provisions for impairment of £139,327 (2014 - £19,185).

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

16. Debtors (continued)

Included within other debtors due within one year are loans to the following directors:

Mr G Humphreys - £NIL (2014 - £277,927)

Mr N Smith - £4,450 (2014 - £4,450)

There are no conditions attached to these loans. See Note 29 for directors advances, credits and maximum balance outstanding during the year.

17. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	294,094	382,401
Less: bank overdrafts	(3,477,124)	(2,955,861)
	<u>(3,183,030)</u>	<u>(2,573,460)</u>

18. Creditors: Amounts falling due within one year

	2015 £	2014 £
Bank overdrafts	3,477,124	2,955,861
Trade creditors	2,960,279	3,015,840
Taxation and social security	239,764	113,753
Obligations under finance lease and hire purchase contracts	373,329	146,658
Other creditors	551,747	96,962
Accruals and deferred income	608,108	594,562
Financial instruments	43,633	-
	<u>8,253,984</u>	<u>6,923,636</u>

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

Obligations under finance lease and hire purchase contracts of £373,329 (2014 - £146,658) are secured on the assets concerned.

Other creditors includes a loan due to Mr G Humphreys, a director and shareholder amounting to £231,974 (2014 - £277,927 due from). There are no conditions attached to this loan. See Note 29 for directors advances, credits and maximum balance outstanding during the year.

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

19. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Obligations under finance leases and hire purchase contracts	1,378,456	304,438
	<u>1,378,456</u>	<u>304,438</u>

Obligations under finance leases and hire purchase contracts of £1,378,456 (2014 - £304,438) are secured on the assets concerned.

20. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2015 £	2014 £
Within one year	373,329	146,658
Between 1-5 years	1,211,910	304,438
Over 5 years	166,546	-
	<u>1,751,785</u>	<u>451,096</u>

The finance leases primarily relate to manufacturing equipment. Title to the assets will be transferred to the company on payment of a nominal fee at the end of the lease. The liabilities are secured by the lessor over the leased assets. The fair value of finance lease liabilities is approximately equal to their carrying amount.

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

21. Financial instruments

	2015 £	2014 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	6,347,103	6,355,629
	<u>6,347,103</u>	<u>6,355,629</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(4,944,037)	(3,466,936)
Financial liabilities at fair value through profit and loss	(43,633)	-
	<u>(4,987,670)</u>	<u>(3,466,936)</u>

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors and obligations under finance leases and hire purchase contracts and some other creditors.

Financial liabilities at fair value through profit and loss comprise forward foreign currency contracts.

22. Deferred taxation

	2015 £	2014 £
At beginning of year	59,580	61,684
Charged to the profit or loss	29,697	(2,104)
At end of year	<u>89,277</u>	<u>59,580</u>

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	180,976	59,580
Tax losses carried forward	(90,760)	-
Other short term timing differences	(939)	-
	<u>89,277</u>	<u>59,580</u>

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2015

23. Share capital

	2015 £	2014 £
Shares classified as equity		
Allotted, called up and fully paid		
660,000 Ordinary shares of £1 each	<u>660,000</u>	<u>660,000</u>

24. Reserves

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit & loss account

This reserve records all current and prior period retained profits and losses.

25. Share based payment

The company has previously granted cash settled share based payment options, valued using the Black Scholes model.

At both the current and previous balance sheet dates the unexercised options were as follows:

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	75,000	£0.38	£ 12,684
Total				<u>£ 41,508</u>

The options granted on 3 October 2008 are exercisable by eligible employees in whole or in part tranches 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 by eligible employees 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 or 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.

26. Major non-cash transactions

During the year the company entered into new finance lease agreements for plant and machinery at a value of £1,529,025 (2014 - £203,597).

During the year, the company purchased trust interests in possession from a director for total consideration of £700,000. This amount was paid via the director's loan account rather than in cash.

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

27. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £61,062 (2014 - £50,464). Contributions totalling £5,220 (2014 - £5,239) were payable to the fund at the balance sheet date and are included in creditors.

28. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	181,019	293,252
Later than 1 year and not later than 5 years	1,106,216	478,966
Later than 5 years	823,222	-
	<u>2,110,457</u>	<u>772,218</u>

29. Transactions with directors

	Outstanding at start of year £	Outstanding at end of year £	Maximum balance outstanding during year £	Advances during the year £	Credits during the year £
Mr G Humphreys	277,927	(231,974)	472,476	190,099	(700,000)
Mr N Smith	4,450	4,450	4,450	-	-
	<u>282,377</u>	<u>(227,524)</u>	<u>476,926</u>	<u>190,099</u>	<u>(700,000)</u>

30. Related party transactions

On 6 April 2015, the Company purchased trust interests in possession from the Company's directors for total consideration of £915,000.

31. Post balance sheet event

In September 2016, the company received an Accelerated Payment Notice from HMRC demanding £710,203. It is the company's intention to pursue this matter with HMRC and therefore at this stage the directors do not consider that there should be provision for any resulting tax liability in the financial statements.

EUROFILMS EXTRUSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2015

32. Controlling party

At the balance sheet date the company was controlled by Mr G Humpreys by virtue of his 61% shareholding.

33. First time adoption of FRS 102

These financial statements for the year ended 31 December 2015 are the company's first financial statements that comply with the FRS 102. The company's date of transition to FRS 102 is 1 January 2014. The company's last financial statements prepared in accordance with previous UK GAAP were for the year ended 31 December 2014.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.