

Eurofilms Extrusion Limited
Annual report and financial statements
For the year ended 31 December 2021

Eurofilms Extrusion Limited

Company information

Directors	Mr W Humphreys	
	Mr A Lord	(Appointed 9 March 2022)
	Mr P Holtstrand	(Appointed 9 March 2022)
	Mr A Malmberg	(Appointed 9 March 2022)

Secretary	Mr P Martin
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Company number	03038727
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Registered office	Unit B1-3 Horton Park Industrial Estate Hortonwood 7 Telford Shropshire England TF1 7XY
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Auditor	Mitten Clarke Audit Limited The Glades Festival Way Festival Park Stoke on Trent Staffordshire ST1 5SQ
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Eurofilms Extrusion Limited

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Eurofilms Extrusion Limited

Strategic report

For the year ended 31 December 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

We are pleased to report a solid performance for this year despite the challenges brought about by the pandemic.

Turnover increased by 12% driven in the main by increasing selling prices. The full impact of the increased prices was muted by a 6% reduction in volumes. Selling prices increased throughout the year as a result of raw material price inflation. We saw a small impact on our production volumes in the first quarter of 2021 as we managed in the impact of the Coronavirus (COVID-19) pandemic.

Margins reduced in 2021 in line with our expectations. The business continued to invest in machinery to ensure production levels and efficiencies were maximised. The demand for our product remains solid both in the UK and mainland European markets we operate in. As a consequence, the Directors decided to further enhance its extrusion capability by investing in an additional blown extrusion line. The line is anticipated to be commissioned in operation by the end of July 22.

The operating profit for the year is reported at £0.9 million or 3.3% of turnover, compared to 8.8% in 2020.

Working capital remains a focus area for the business and we generated net cash from operating activities in the year of £0.1 million (2020 - £2.7 million). The business invested a significant amount into stock to help mitigate the impact of the supply chain volatility on its production and customers.

Total net assets at the year end were £3.3m (2020 - £3.3m).

We have focused on continuous improvement within the business to ensure it operates at optimum efficiencies. Operational and commercial KPI's are reviewed monthly, and changes actioned. Our workforce remains stable and has extensive industry and production knowledge, which is a vital resource as we seek business excellence.

We will adhere to our current commercial and operational visions and we believe our business is in a very strong position and will continue to grow and invest for the future.

Principal risks and uncertainties

Currency, polymer pricing and supply chain volatility continue to be the main unpredictable aspect of the business arena we operate in. The price fluctuations can have short and medium-term impacts on profitability if not controlled appropriately. Our relentless attention to currency matters and the utilisation of forward foreign currency contracts were judged necessary and the improved global sourcing methods, offers enhanced mid-term stability for the business, and mitigates exposure.

Financial instrument risks include credit risks, liquidity risk and cashflow risks as referred to in the Report of the Directors.

Throughout 2021, the business has maintained good health and Safety standards to protect the employees whilst maintaining production volumes to support the needs of customers.

Key performance indicators

Increase in sales 12.0% (2020 - 4.3% decrease) year on year sales growth expressed as a percentage.

The company reported an operating profit margin of 3.3% (2020 - 8.7%).

The company generated £0.1 million net cash from operating activities in 2021 (2020 - £2.6 million).

Debtor Sales Outstanding days have increased by 3 days to 61 days in 2021 (2020 - 58 days).

Eurofilms Extrusion Limited

Strategic report (continued)

For the year ended 31 December 2021

On behalf of the board

Mr A Lord

Director

10 August 2022

Eurofilms Extrusion Limited

Directors' report

For the year ended 31 December 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of the manufacture and sale of industrial stretch film and collation shrink film.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £642,664 (2020 - £964,800). The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M Palmer	(Resigned 9 March 2022)
Mr W Humphreys	
Mr P Martin	(Resigned 9 March 2022)
Mr D Thomas	(Resigned 9 March 2022)
Mr A Lord	(Appointed 9 March 2022)
Mr P Holtstrand	(Appointed 9 March 2022)
Mr A Malmberg	(Appointed 9 March 2022)

Financial instruments

Liquidity risk

Our objective is to ensure significant funds are available to meet our future cash requirement. Cash flow reporting and investment appraisals are standard procedures in our business decision making. The risk is supported through asset backed credit facilities. We consider the company to have sufficient access to funding to remain in operational existence for the foreseeable future.

Credit Risk

Our customer base afford us no significant concentration of credit risk. The risk is managed through continually monitored credit procedures during the conduct of our business. We also retain the services of a credit insurance provider to provide additional protection from any credit risk.

Cashflow Risk

Cashflow risk is continually assessed by the business. The seasonal fluctuations in demand and the need to ensure working capital to support the business requirements are a number of factors considered in monitoring of cashflow. Close monitoring and management of cashflows ensure we have sufficient capacity to operate efficiently and serve the customer base effectively.

Research and development

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.

Post reporting date events

On 9 March 2022, the entire share capital was acquired by Trioworld Industrier AB, a company based in Sweden and part of the Trioworld Group.

Eurofilms Extrusion Limited

Directors' report (continued)

For the year ended 31 December 2021

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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr A Lord
Director

Mr A Malmberg
Director

10 August 2022

Eurofilms Extrusion Limited

Directors' responsibilities statement

For the year ended 31 December 2021

The directors are responsible for preparing the annual 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 judgements and accounting 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.

Eurofilms Extrusion Limited

Independent auditor's report

To the members of Eurofilms Extrusion Limited

Opinion

We have audited the financial statements of Eurofilms Extrusion Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Eurofilms Extrusion Limited

Independent auditor's report (continued)

To the members of Eurofilms Extrusion Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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 the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 or the directors' report. We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Eurofilms Extrusion Limited

Independent auditor's report (continued)

To the members of Eurofilms Extrusion Limited

The extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting any available legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Eurofilms Extrusion Limited

Independent auditor's report (continued)

To the members of Eurofilms Extrusion Limited

Use of our report

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

The Glades
Festival Way
Festival Park
Stoke on Trent
Staffordshire
ST1 5SQ

15 August 2022

Nicola Johnson
(Senior Statutory Auditor)
for and on behalf of
Mitten Clarke Audit Limited

Chartered Accountants
Statutory Auditor

Eurofilms Extrusion Limited

Statement of comprehensive income

For the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	28,509,418	25,452,387
Cost of sales		(24,962,619)	(20,292,178)
Gross profit		3,546,799	5,160,209
Distribution costs		(1,649,650)	(1,741,309)
Administrative expenses		(1,016,168)	(1,230,817)
Other operating income		71,319	48,779
Operating profit	4	952,300	2,236,862
Interest receivable and similar income	8	16	148
Interest payable and similar expenses	9	(84,953)	(101,678)
Profit before taxation		867,363	2,135,332
Tax on profit	10	(276,341)	(366,300)
Profit for the financial year		591,022	1,769,032

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Eurofilms Extrusion Limited

Balance sheet

As at 31 December 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		4,690,085		4,038,375
Investments	13		182,000		182,000
			<u>4,872,085</u>		<u>4,220,375</u>
Current assets					
Stocks	15	3,097,403		1,898,985	
Debtors	16	6,609,980		5,220,574	
Cash at bank and in hand		<u>704,820</u>		<u>571,141</u>	
		10,412,203		7,590,700	
Creditors: amounts falling due within one year	17	<u>(10,098,369)</u>		<u>(7,004,158)</u>	
Net current assets			<u>313,834</u>		<u>686,542</u>
Total assets less current liabilities			<u>5,185,919</u>		<u>4,906,917</u>
Creditors: amounts falling due after more than one year	18		(1,123,169)		(1,151,931)
Provisions for liabilities					
Deferred tax liability	21	<u>749,866</u>		<u>390,460</u>	
			<u>(749,866)</u>		<u>(390,460)</u>
Net assets			<u><u>3,312,884</u></u>		<u><u>3,364,526</u></u>
Capital and reserves					
Called up share capital	23		536,000		536,000
Capital redemption reserve	24		260,333		260,333
Profit and loss reserves	25		<u>2,516,551</u>		<u>2,568,193</u>
Total equity			<u><u>3,312,884</u></u>		<u><u>3,364,526</u></u>

The financial statements were approved by the board of directors and authorised for issue on 10 August 2022 and are signed on its behalf by:

Mr A Lord
Director

Mr A Malmberg
Director

Company Registration No. 03038727

Eurofilms Extrusion Limited

Statement of changes in equity

For the year ended 31 December 2021

		Share capital	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2020		536,000	260,333	1,763,961	2,560,294
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	1,769,032	1,769,032
Dividends	11	-	-	(964,800)	(964,800)
Balance at 31 December 2020		536,000	260,333	2,568,193	3,364,526
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	591,022	591,022
Dividends	11	-	-	(642,664)	(642,664)
Balance at 31 December 2021		536,000	260,333	2,516,551	3,312,884

Eurofilms Extrusion Limited

Statement of cash flows

For the year ended 31 December 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	32		94,570		2,675,174
Investing activities					
Purchase of tangible fixed assets		(850,939)		(44,245)	
Interest received		16		148	
Net cash used in investing activities			(850,923)		(44,097)
Financing activities					
Payment of finance leases obligations		(561,093)		(869,604)	
Interest payable		(84,953)		(101,678)	
Net cash used in financing activities			(646,046)		(971,282)
Net (decrease)/increase in cash and cash equivalents			(1,402,399)		1,659,795
Cash and cash equivalents at beginning of year			(717,383)		(2,377,178)
Cash and cash equivalents at end of year			(2,119,782)		(717,383)
Relating to:					
Cash at bank and in hand			704,820		571,141
Bank overdrafts included in creditors payable within one year			(2,824,602)		(1,288,524)

Eurofilms Extrusion Limited

Notes to the financial statements

For the year ended 31 December 2021

1 Accounting policies

Company information

Eurofilms Extrusion Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit B1-3, Horton Park Industrial Estate, Hortonwood 7, Telford, Shropshire, England, TF1 7XY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the period of the lease
Plant and equipment	5-12.5% straight line
Computers	20-25% straight line

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.5 Fixed asset investments

Investments held as fixed assets are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.7 Stocks

Stocks are stated at the lower of cost and 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 reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

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.

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	24,296,586	21,408,072
Europe	4,212,832	4,044,315
	<u>28,509,418</u>	<u>25,452,387</u>
	2021 £	2020 £
Other revenue		
Interest income	16	148
Grants received	20,730	42,097
Foreign exchange difference	50,589	6,682
	<u>71,335</u>	<u>48,927</u>

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(50,589)	(6,682)
Government grants	(20,730)	(42,097)
Depreciation of owned tangible fixed assets	517,357	514,694
Operating lease charges	308,674	377,420
	<u>783,692</u>	<u>782,935</u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	23,250	18,250
	<u>23,250</u>	<u>18,250</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Production	78	75
Selling	9	13
Administration	8	8
	<u>95</u>	<u>96</u>
Total	<u>95</u>	<u>96</u>

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

6 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,861,052	2,958,645
Social security costs	287,379	279,022
Pension costs	90,101	103,788
	<u>3,238,532</u>	<u>3,341,455</u>

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	342,292	429,981
Company pension contributions to defined contribution schemes	17,662	27,598
	<u>359,954</u>	<u>457,579</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

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

	2021 £	2020 £
Remuneration for qualifying services	<u>216,775</u>	<u>266,148</u>

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Other interest income	<u>16</u>	<u>148</u>

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	33,248	27,305
Other finance costs:		
Interest on finance leases and hire purchase contracts	<u>51,705</u>	<u>74,373</u>
	<u>84,953</u>	<u>101,678</u>

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	-	432,095
Adjustments in respect of prior periods	(83,065)	(30,650)
Total current tax	(83,065)	401,445
Deferred tax		
Origination and reversal of timing differences	171,021	(35,145)
Changes in tax rates	179,968	-
Adjustment in respect of prior periods	8,417	-
Total deferred tax	359,406	(35,145)
Total tax charge	276,341	366,300

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	867,363	2,135,332
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	164,799	405,713
Tax effect of expenses that are not deductible in determining taxable profit	385	385
Adjustments in respect of prior years	(83,065)	(30,650)
Effect of change in corporation tax rate	179,968	-
Depreciation on assets not qualifying for tax allowances	1,223	-
Deferred tax adjustments in respect of prior years	8,417	-
Other short term timing differences	-	1,456
Enhanced capital allowances claimed	(36,372)	-
Tax losses carried back	40,986	-
Capital allowances in excess of depreciation	-	(10,604)
Taxation charge for the year	276,341	366,300

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

10 Taxation

(Continued)

Factors that may affect future tax charges

With the availability of significant tax reliefs for capital expenditure, such as the 130% first year allowance super deduction, the company anticipates continuing to be able to claim capital allowances in excess of depreciation in the short term. However, if capital expenditure slows down, this trend will reverse.

The main corporation tax rate has been legislated to increase from 19% to 25% with effect from 1 April 2023, significantly increasing the tax payable on profits earned.

Given the imminent change to the main corporation tax rate, deferred tax has been provided for at 25% where appropriate.

11 Dividends

	2021 £	2020 £
Interim paid	542,664	964,800

12 Tangible fixed assets

	Leasehold improvements £	Assets under construction £	Plant and equipment £	Computers £	Total £
Cost					
At 1 January 2021	721,513	-	9,996,023	207,569	10,925,105
Additions	11,320	790,796	366,951	-	1,169,067
At 31 December 2021	732,833	790,796	10,362,974	207,569	12,094,172
Depreciation and impairment					
At 1 January 2021	467,918	-	6,220,559	198,253	6,886,730
Depreciation charged in the year	53,549	-	458,505	5,303	517,357
At 31 December 2021	521,467	-	6,679,064	203,556	7,404,087
Carrying amount					
At 31 December 2021	211,366	790,796	3,683,910	4,013	4,690,085
At 31 December 2020	253,595	-	3,775,464	9,316	4,038,375

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Plant and equipment	1,889,264	3,253,946

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

12 Tangible fixed assets (Continued)

Fixed assets with a carrying amount of £2,800,821 (2020 - £784,429) have been pledged to secure other borrowings of the company.

13 Fixed asset investments

	2021 £	2020 £
Unlisted investments	182,000	182,000

14 Financial instruments

	2021 £	2020 £
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	11,010

Financial liabilities measured at fair value through the profit and loss comprise forward foreign exchange contracts measured at their active market value.

15 Stocks

	2021 £	2020 £
Raw materials and consumables	1,845,368	871,223
Finished goods and goods for resale	1,252,035	1,027,762
	3,097,403	1,898,985

There is no significant difference between the replacement cost of raw materials and finished goods and their carrying amounts.

Stocks are stated after provisions for impairment of £69,966 (2020 - £168,345).

Stocks with a carrying value of £3,097,403 (2020 - £1,898,985) have been pledged to secure borrowings of the company.

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

16 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	6,132,775	4,930,664
Corporation tax recoverable	63,395	-
Other debtors	26,080	32,600
Prepayments and accrued income	387,730	257,310
	<u>6,509,980</u>	<u>5,220,574</u>

Trade debtors are stated after provisions for impairment of £Nil (2020 - £2,620).

17 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	19	2,824,602	1,288,524
Obligations under finance leases	20	322,027	536,230
Payments received on account		10,401	11,258
Trade creditors		5,008,688	3,304,065
Corporation tax		-	378,840
Other taxation and social security		323,523	635,160
Derivative financial instruments		-	11,010
Other creditors		8/1,963	240,611
Accruals and deferred income		737,165	598,460
		<u>10,098,369</u>	<u>7,004,158</u>

Bank overdrafts are secured by a fixed and floating charge of all present and future assets of the company. See "Loans and overdrafts" for further information.

Obligations under finance leases of £322,027 (2020 - £536,230) are secured on the assets concerned. See "Finance lease obligations" for further information.

18 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Obligations under finance leases	20	<u>1,123,169</u>	<u>1,151,931</u>

Obligations under finance leases of £1,123,169 (2020 - £1,151,931) are secured on the assets concerned. See "Finance lease obligations" for further information.

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

19 Loans and overdrafts

	2021 £	2020 £
Bank overdrafts	2,824,602	1,288,524
	<u>2,824,602</u>	<u>1,288,524</u>
Payable within one year	2,824,602	1,288,524
	<u>2,824,602</u>	<u>1,288,524</u>

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

20 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	322,027	536,230
In two to five years	1,123,169	999,929
In over five years	-	152,002
	<u>1,445,196</u>	<u>1,688,161</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 lease liabilities is approximately equal to their carrying amount.

The amounts due over 5 years relates to a finance lease for which instalments are repayable in equal amounts over the term of the lease at an effective interest rate of 3.29%.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	818,489	443,179
Tax losses	(65,182)	(49,538)
Other short term timing differences	(3,441)	(3,181)
	<u>749,866</u>	<u>390,460</u>

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

21 Deferred taxation (Continued)

	2021 £
Movements in the year:	
Liability at 1 January 2021	390,460
Charge to profit or loss	359,406
Liability at 31 December 2021	<u>749,866</u>

The net deferred tax liability is not expected to reverse significantly in the short term due to the continuing investment in capital expenditure by the company.

22 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>90,101</u>	<u>103,788</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £13,767 (2020 - £23,494) were payable to the fund at the balance sheet date and are included in creditors.

23 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>536,000</u>	<u>536,000</u>	<u>536,000</u>	<u>536,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

24 Capital redemption reserve

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

25 Profit and loss reserves

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

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

26 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	337,174	333,939
Between two and five years	903,031	1,202,459
	<u>1,240,205</u>	<u>1,536,398</u>

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	1,533,962	-
	<u>1,533,962</u>	<u>-</u>

28 Events after the reporting date

On 9 March 2022, the entire share capital was acquired by Trioworld Industrier AB, a company based in Sweden and part of the Trioworld Group.

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	552,476	696,045
	<u>552,476</u>	<u>696,045</u>

Transactions with related parties

Amounts paid to close family members of key management totalled £14,012 (2020 - £19,727).

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

30 Directors' transactions

During the year, the company advanced £30,708 (2020 - £Nil) and granted credits of £290,872 (2020 - £40,000) to W Humphreys. The balance owed by the company at the year end was £260,164 (2020 - £Nil).

During the year, the company advanced £Nil (2020 - £30,000) and granted credits of £5,920 (2020 - £30,000) to M Palmer. The balance owed to the company at the year end was £24,080 (2020 - £30,000).

The advances are unsecured and repayable on demand. No interest is charged on the amounts outstanding.

Dividends totalling £480,799 (2020 - £721,800) were paid in the year in respect of shares held by the company's directors.

31 Ultimate controlling party

At the balance sheet date the company was controlled by Mr W Humphreys by virtue of his 51% shareholding.

32 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	591,022	1,769,032
Adjustments for:		
Taxation charged	276,341	366,300
Finance costs	84,953	101,678
Investment income	(16)	(148)
Depreciation and impairment of tangible fixed assets	517,357	514,694
Dividends paid	(642,664)	(964,800)
Corporation tax (paid)/received	(401,246)	(78,418)
Movements in working capital:		
(Increase)/decrease in stocks	(1,198,418)	251,326
(Increase)/decrease in debtors	(1,326,011)	730,102
Increase/(decrease) in creditors	2,193,252	(14,592)
Cash generated from operations	94,570	2,675,174

Eurofilms Extrusion Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

33 Analysis of changes in net debt

	1 January 2021	Cash flows	New finance leases	31 December 2021
	£	£	£	£
Cash at bank and in hand	571,141	133,679	-	704,820
Bank overdrafts	(1,288,524)	(1,536,078)	-	(2,824,602)
	(717,383)	(1,402,399)	-	(2,119,782)
Obligations under finance leases	(1,688,161)	561,093	(318,128)	(1,445,196)
	(2,405,544)	(841,306)	(318,128)	(3,564,978)

Major non-cash transactions

During the year, the company entered into new finance lease agreements for plant and machinery at a value of £318,128 (2020 - £Nil).

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