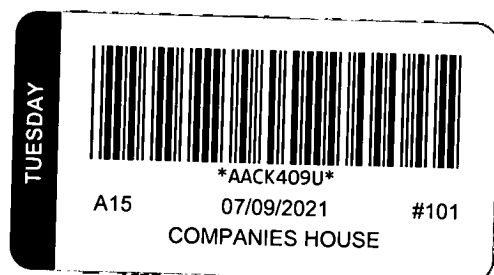


REGISTERED NUMBER: 03038727 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2020
for
Eurofilms Extrusion Limited**



**Contents of the Financial Statements
for the Year Ended 31 December 2020**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Statement of Cash Flows	13
Notes to the Financial Statements	15

Eurofilms Extrusion Limited

**Company Information
for the Year Ended 31 December 2020**

DIRECTORS:

M Palmer
D Thomas
W Humphreys
P Martin

SECRETARY:

M Palmer

REGISTERED OFFICE:

Unit B1-3
Horton Park Industrial Estate
Hortonwood 7
Telford
Shropshire
TF1 7XY

REGISTERED NUMBER:

03038727 (England and Wales)

AUDITORS:

Mitten Clarke Audit Limited
Statutory Auditors
The Glades
Festival Way
Stoke on Trent
Staffordshire
ST1 5SQ

**Strategic Report
for the Year Ended 31 December 2020**

The directors present their strategic report for the year ended 31 December 2020.

INTRODUCTION

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

REVIEW OF BUSINESS

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

Turnover has been naturally dragged lower (4%) by a combination of reduced volumes and reducing selling prices. We saw a small impact on our production volumes towards the end of the year as we managed in the impact of the Coronavirus (COVID-19) pandemic. We also saw a reduction in selling prices in the latter part of the year as polymer price indexes reduced.

Margins have remained robust due to considerable operational upgrades and efficiencies and an improved procurement strategy for our raw materials, which offered greater margin stability and overall procurement vision. The demand for our product remains solid both in the UK and mainland European markets we operate in.

The operating profit for the year is reported at £2.2 million or 8.7% of turnover, compared to 5.6% in 2019.

The business did not complete any significant investment in Plant & Machinery within the year as it focused on utilising the investments made in 2019. The Directors continue to review investment opportunities to improve the capability, capacity and efficiency of the business.

Working capital remains a focus area for the business and we generated net cash from operating activities in the year of £2.6 million (2019 £2.2 million).

Total net assets at the year end increased from £2.5 million to £3.3 million reflecting the retained profits earned in the year.

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 and polymer pricing 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.

In March 2020 the UK was impacted by the outbreak of the Coronavirus (COVID-19) pandemic. The business is continually reviewing the development of the situation and is adapting according to government advice. Eurofilms has high hygiene standards in place due to our BRC accreditation. However, the management and employees have adapted their behaviours and processes in line with guidance to continue to focus on delivering goods to our customer base during this period.

The business has continued to adapt to the pandemic as more is known. The Directors and management of Eurofilms have continually reviewed its policies and practices and have adapted where appropriate to minimise the impact on the employees of Eurofilms and its customers.

**Strategic Report
for the Year Ended 31 December 2020**

FINANCIAL KEY PERFORMANCE INDICATORS

Decrease in sales 4.3% (2019 - 6.3% decrease) year on year sales growth expressed as a percentage.

The company reported an operating profit margin of 8.7% (2019 - 5.6%).

The company generated £2.6 million net cash from operating activities in 2020 (2019 - £2.2 million).

Debtor Sales Outstanding days have decreased by 2 days to 58 days in 2020 (2019 - 60 days).

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'P Martin', written over a dotted line.

P Martin - Director

Date: 9/7/2021

**Report of the Directors
for the Year Ended 31 December 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and sale of industrial stretch film and collation shrink film.

DIVIDENDS

The profit for the year, after taxation, amounted to £1,769,032 (2019 - £1,103,707).

Dividends paid in the year amounted to £964,800 (2019 - £440,826).

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.

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.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

M Palmer
D Thomas
W Humphreys
P Martin

FINANCIAL INSTRUMENTS

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

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.

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.

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.

**Report of the Directors
for the Year Ended 31 December 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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:

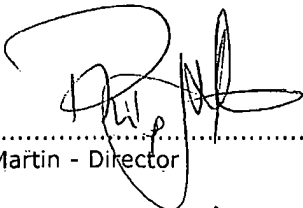
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



.....
P Martin - Director

Date: 9/7/2021

Report of the Independent Auditors 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 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of 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 2020 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 Auditors' 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Eurofilms Extrusion Limited

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 Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 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.

Auditors' 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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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.

Report of the Independent Auditors to the Members of Eurofilms Extrusion Limited

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.

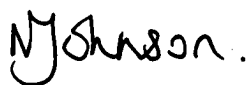
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance 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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Nicola Johnson (Senior Statutory Auditor)
for and on behalf of Mitten Clarke Audit Limited
Statutory Auditors
The Glades
Festival Way
Stoke on Trent
Staffordshire
ST1 5SQ

Date:9/7/2021.....

**Statement of Comprehensive Income
for the Year Ended 31 December 2020**

	Notes	2020		2019	
		£	£	£	£
TURNOVER	4		25,452,387		26,599,241
Cost of sales			<u>20,292,178</u>		<u>22,232,260</u>
GROSS PROFIT			5,160,209		4,366,981
Distribution costs		1,741,309		1,949,616	
Administrative expenses		<u>1,230,817</u>		<u>950,588</u>	
			2,972,126		2,900,204
			<u>2,188,083</u>		<u>1,466,777</u>
Net other operating income	5		48,779		28,695
OPERATING PROFIT	7		2,236,862		1,495,472
Interest receivable and similar income	9		148		3,068
			<u>2,237,010</u>		<u>1,498,540</u>
Interest payable and similar expenses	10		101,678		129,505
PROFIT BEFORE TAXATION			2,135,332		1,369,035
Tax on profit	11		366,300		265,328
PROFIT FOR THE FINANCIAL YEAR			<u><u>1,769,032</u></u>		<u><u>1,103,707</u></u>

The notes form part of these financial statements

Statement of Financial Position
31 December 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	13	4,038,375	4,510,600
Investments	14	182,000	182,000
		<u>4,220,375</u>	<u>4,692,600</u>
CURRENT ASSETS			
Stocks	15	1,898,985	2,150,311
Debtors	16	5,220,574	5,948,900
Cash at bank		571,141	328,116
		<u>7,690,700</u>	<u>8,427,327</u>
CREDITORS			
Amounts falling due within one year	17	7,004,158	8,447,351
NET CURRENT ASSETS/(LIABILITIES)		<u>686,542</u>	<u>(20,024)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,906,917</u>	<u>4,672,576</u>
CREDITORS			
Amounts falling due after more than one year	18	(1,151,931)	(1,686,677)
PROVISIONS FOR LIABILITIES	22	(390,460)	(425,605)
NET ASSETS		<u><u>3,364,526</u></u>	<u><u>2,560,294</u></u>
CAPITAL AND RESERVES			
Called up share capital	23	536,000	536,000
Capital redemption reserve	24	260,333	260,333
Retained earnings	24	2,568,193	1,763,961
SHAREHOLDERS' FUNDS		<u><u>3,364,526</u></u>	<u><u>2,560,294</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 9/7/2021 and were signed on its behalf by:



.....
P Martin - Director

**Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2019	536,000	1,101,080	260,333	1,897,413
Changes in equity				
Dividends	-	(440,826)	-	(440,826)
Total comprehensive income	-	1,103,707	-	1,103,707
Balance at 31 December 2019	<u>536,000</u>	<u>1,763,961</u>	<u>260,333</u>	<u>2,560,294</u>
Changes in equity				
Dividends	-	(964,800)	-	(964,800)
Total comprehensive income	-	1,769,032	-	1,769,032
Balance at 31 December 2020	<u>536,000</u>	<u>2,568,193</u>	<u>260,333</u>	<u>3,364,526</u>

Statement of Cash Flows
for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	2,675,174	2,236,016
Net cash from operating activities		<u>2,675,174</u>	<u>2,236,016</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(44,245)	(104,675)
Sale of tangible fixed assets		-	14,269
Interest received		148	3,068
Net cash from investing activities		<u>(44,097)</u>	<u>(87,338)</u>
Cash flows from financing activities			
Capital repayments in year		(869,604)	(398,160)
Interest payable		(101,678)	(129,505)
Net cash from financing activities		<u>(971,282)</u>	<u>(527,665)</u>
Increase in cash and cash equivalents		<u>1,659,795</u>	<u>1,621,013</u>
Cash and cash equivalents at beginning of year	2	(2,377,178)	(3,998,191)
Cash and cash equivalents at end of year	2	<u><u>(717,383)</u></u>	<u><u>(2,377,178)</u></u>

The notes form part of these financial statements

**Notes to the Statement of Cash Flows
for the Year Ended 31 December 2020**

1. RECONCILIATION OF PROFIT FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Profit for the financial year	1,769,032	1,103,707
Depreciation charges	514,694	536,145
Profit on disposal of fixed assets	-	(14,269)
Corporation tax (paid)/received	(78,418)	(40,748)
Dividends paid	(964,800)	(440,826)
Government grants	-	(20,730)
Finance costs	101,678	129,505
Finance income	(148)	(3,068)
Taxation	366,300	265,328
	<u>1,708,338</u>	<u>1,515,044</u>
Decrease in stocks	251,326	26,460
Decrease in trade and other debtors	730,102	1,401,312
Decrease in trade and other creditors	(14,592)	(706,800)
	<u>2,675,174</u>	<u>2,236,016</u>
Cash generated from operations	<u>2,675,174</u>	<u>2,236,016</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	571,141	328,116
Bank overdrafts	(1,288,524)	(2,705,294)
	<u>(717,383)</u>	<u>(2,377,178)</u>

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	328,116	276,026
Bank overdrafts	(2,705,294)	(4,274,217)
	<u>(2,377,178)</u>	<u>(3,998,191)</u>

**Notes to the Statement of Cash Flows
for the Year Ended 31 December 2020**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.20 £	Cash flow £	At 31.12.20 £
Net cash			
Cash at bank	328,116	243,025	571,141
Bank overdrafts	<u>(2,705,294)</u>	<u>1,416,770</u>	<u>(1,288,524)</u>
	<u>(2,377,178)</u>	<u>1,659,795</u>	<u>(717,383)</u>
Debt			
Finance leases	<u>(2,557,765)</u>	<u>869,604</u>	<u>(1,688,161)</u>
	<u>(2,557,765)</u>	<u>869,604</u>	<u>(1,688,161)</u>
Total	<u><u>(4,934,943)</u></u>	<u><u>2,529,399</u></u>	<u><u>(2,405,544)</u></u>

4. MAJOR NON-CASH TRANSACTIONS

During the year the company entered into new finance lease agreements for plant and machinery at a value of £Nil (2019 - £1,382,800).

**Notes to the Financial Statements
for the Year Ended 31 December 2020**

1. STATUTORY INFORMATION

Eurofilms Extrusion Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the 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).

Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Review of Business section of the Strategic Report. The Company's procedures for managing its financial instrument risks which include credit risk, liquidity risk and cashflow risk are described in the Report of the Directors.

The Directors have a reasonable expectation based on current and expected performance that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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, after taking account of trade discounts, settlement discounts and volume rebates, excluding 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.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. ACCOUNTING POLICIES - continued

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.

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 Improvements	- over the period of the lease
Plant & machinery	- 5-12.5% straight line
Computer equipment	- 20-25% straight line

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.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

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.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. ACCOUNTING POLICIES - continued

Financial instruments

Apart from forward foreign exchange contracts, 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 the 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 Statement of Comprehensive Income.

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, 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 other operating charges or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge 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.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. ACCOUNTING POLICIES - continued

Deferred tax

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.

Foreign currencies

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 Statement of comprehensive income 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 Statement of comprehensive income within 'interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'net other operating income'.

Hire purchase and leasing commitments

Operating leases: lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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.

Leased assets: lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

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.

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 Statement of comprehensive income 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 Statement of Financial Position.

Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

3. CRITICAL ACCOUNTING JUDGEMENTS 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. During the year, management reconsidered the estimated useful economic life of each item of plant and machinery. The range of useful economic lives has been amended from 10 - 20 years to 8 - 20 years. The net result of all changes is that the total depreciation charge for plant and machinery has decreased by £58,000 and fixed assets have increased by the same amount. 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.

Going concern

The Directors have assessed the going concern status of the Company and consider the Company to be a going concern. In making this assessment the Directors have reviewed the financial impact and likelihood of possible reductions in demand from the Company's customer base as a consequence of Brexit, fluctuations in polymer prices and changes in pricing models. The Directors have considered the Company's working capital position and they believe that, based on forecast sales activity, sufficient headroom is available in funding to enable the company to continue to trade for the foreseeable future.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020 £	2019 £
United Kingdom	21,408,072	22,791,392
Europe	4,044,315	3,807,849
	<u>25,452,387</u>	<u>26,599,241</u>

5. NET OTHER OPERATING INCOME

	2020 £	2019 £
Foreign exchange difference	6,682	7,965
Government grants receivable	42,097	20,730
	<u>48,779</u>	<u>28,695</u>

6. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	2,958,645	2,481,795
Social security costs	279,022	170,299
Other pension costs	103,788	124,920
	<u>3,341,455</u>	<u>2,777,014</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

6. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2020	2019
Production	75	74
Selling	13	12
Administration	8	8
	<u>96</u>	<u>94</u>

	2020	2019
	£	£
Directors' remuneration	429,981	123,175
Directors' pension contributions to money purchase schemes	<u>27,598</u>	<u>56,648</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>4</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 December 2020 is as follows:

	2020
	£
Emoluments etc	<u>266,148</u>

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible fixed assets	514,694	536,145
Foreign exchange differences	(6,682)	(7,965)
Operating lease payments charged as an expense	<u>377,420</u>	<u>371,876</u>

8. AUDITORS' REMUNERATION

	2020	2019
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>18,250</u>	<u>18,250</u>
Total audit fees	<u>18,250</u>	<u>18,250</u>

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Other interest receivable	<u>148</u>	<u>3,068</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank interest	27,305	66,686
Hire purchase	74,373	62,819
	<u>101,678</u>	<u>129,505</u>

11. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	432,095	86,526
Adjustments in respect of previous year	(30,650)	(19,175)
Total current tax	<u>401,445</u>	<u>67,351</u>
Deferred tax:		
Origination and reversal of timing differences	(34,495)	205,140
Changes to tax rates	-	(5,214)
Short term timing differences	(650)	(1,949)
Total deferred tax	<u>(35,145)</u>	<u>197,977</u>
Tax on profit	<u>366,300</u>	<u>265,328</u>

UK corporation tax has been charged at 19% (2019 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	<u>2,135,332</u>	<u>1,369,035</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	405,713	260,117
Effects of:		
Expenses not deductible for tax purposes	385	750
Capital allowances in excess of depreciation	(10,604)	-
Depreciation in excess of capital allowances	-	3,425
Adjustments to tax charge in respect of previous periods	(30,650)	(19,175)
Short-term timing difference leading to an increase (decrease) in taxation	1,456	(1,524)
Difference in tax rates	-	21,735
Total tax charge	<u>366,300</u>	<u>265,328</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

11. TAXATION - continued**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 3 March 2021, which will be introduced in Finance Act 2021, stating that the main rate of corporation tax will remain at the current 19% until 31 March 2023. However, from 1 April 2023, the main corporation tax rate will increase to 25% for companies with profits of £250,000 or more, with the 19 percent rate continuing to apply to companies with profits of not more than £50,000 and marginal relief for profits of up to £250,000.

12. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1 each		
Interim	<u>964,800</u>	<u>440,826</u>

13. TANGIBLE FIXED ASSETS

	Leasehold property improvements £	Plant and machinery £	Computer equipment £	Totals £
COST				
At 1 January 2020	716,367	9,985,215	181,054	10,882,636
Additions	5,146	35,321	3,778	44,245
Disposals	-	(1,776)	-	(1,776)
Reclassification/transfer	-	(22,737)	22,737	-
At 31 December 2020	<u>721,513</u>	<u>9,996,023</u>	<u>207,569</u>	<u>10,925,105</u>
DEPRECIATION				
At 1 January 2020	416,338	5,774,644	181,054	6,372,036
Charge for year	51,580	453,408	9,706	514,694
Reclassification/transfer	-	(7,493)	7,493	-
At 31 December 2020	<u>467,918</u>	<u>6,220,559</u>	<u>198,253</u>	<u>6,886,730</u>
NET BOOK VALUE				
At 31 December 2020	<u>253,595</u>	<u>3,775,464</u>	<u>9,316</u>	<u>4,038,375</u>
At 31 December 2019	<u>300,029</u>	<u>4,210,571</u>	<u>-</u>	<u>4,510,600</u>

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

	2020 £	2019 £
Plant and Machinery	<u>3,253,946</u>	<u>3,805,293</u>
	<u>3,253,946</u>	<u>3,805,293</u>

Tangible fixed assets held for the company's own use are stated at cost less accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

14. FIXED ASSET INVESTMENTS

	Unlisted investments as restated £
COST	
At 1 January 2020 and 31 December 2020	182,000
NET BOOK VALUE	
At 31 December 2020	182,000
At 31 December 2019	182,000

15. STOCKS

	2020 £	2019 £
Raw materials	871,223	664,828
Finished goods	1,027,762	1,485,483
	<u>1,898,985</u>	<u>2,150,311</u>

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 £175,670 (2019 - £Nil).

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	4,930,664	5,547,192
Other debtors	2,600	2,000
Directors' current accounts	30,000	70,000
Prepayments	257,310	329,708
	<u>5,220,574</u>	<u>5,948,900</u>

Trade debtors are stated after provisions for impairment of £2,620 (2019 - £4,971).

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank overdrafts (see note 19)	1,288,524	2,705,294
Hire purchase contracts (see note 20)	536,230	871,088
Payments on account	11,258	-
Trade creditors	3,304,065	3,701,795
Tax	378,840	55,813
Social security and other taxes	260,308	80,274
VAT	374,852	183,579
Other creditors	240,611	240,446
Financial instruments	11,010	11,010
Accrued expenses	598,460	598,052
	<u>7,004,158</u>	<u>8,447,351</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Bank 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 £536,230 (2019 - £871,088) are secured on the assets concerned.

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

	2020 £	2019 £
Hire purchase contracts (see note 20)	<u>1,151,931</u>	<u>1,686,677</u>

Obligations under finance leases and hire purchase contracts of £1,151,931 (2019 - £1,686,677) are secured on the assets concerned.

19. BANK OVERDRAFTS

An analysis of the maturity of bank overdrafts is given below:

	2020 £	2019 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,288,524</u>	<u>2,705,294</u>

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts 2020 £	2019 £
Net obligations repayable:		
Within one year	536,230	871,088
Between one and five years	999,929	1,315,351
In more than five years	<u>152,002</u>	<u>371,326</u>
	<u>1,688,161</u>	<u>2,557,765</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.

The amounts due over 5 years relate 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%.

	Non-cancellable operating leases 2020 £	2019 £
Within one year	333,939	345,993
Between one and five years	1,202,459	1,237,469
In more than five years	<u>-</u>	<u>292,671</u>
	<u>1,536,398</u>	<u>1,876,133</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2020**

21. FINANCIAL INSTRUMENTS

Financial liabilities

	2020 £	2019 £
Derivative financial instruments measured at fair value through profit or loss	(11,010)	(11,010)
	<u>(11,010)</u>	<u>(11,010)</u>

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

22. PROVISIONS FOR LIABILITIES

	2020 £	2019 £
Deferred tax	<u>390,460</u>	<u>425,605</u>
		Deferred tax £
Balance at 1 January 2020		425,605
Credit to Statement of Comprehensive Income during year		<u>(35,145)</u>
Balance at 31 December 2020		<u>390,460</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	443,179	477,674
Tax losses carried forward	(49,538)	(49,538)
Other short term timing differences	<u>(3,181)</u>	<u>(2,531)</u>
	<u>390,460</u>	<u>425,605</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.

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
536,000	Ordinary	£1	<u>536,000</u>	<u>536,000</u>

24. RESERVES**Capital redemption reserve**

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

Retained earnings

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2020

25. 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 £103,788 (2019 - £124,920). Contributions totalling £23,494 (2019 - £13,319) were payable to the fund at the balance sheet date and are included in creditors.

26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 December 2020 and 31 December 2019:

	2020 £	2019 £
W Humphreys		
Balance outstanding at start of year	40,000	45,610
Amounts advanced	-	40,000
Amounts repaid	(40,000)	(45,610)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>40,000</u>
M Palmer		
Balance outstanding at start of year	30,000	25,892
Amounts advanced	30,000	30,000
Amounts repaid	(30,000)	(25,892)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>30,000</u>	<u>30,000</u>

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

27. RELATED PARTY DISCLOSURES

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services, and included in staff costs is £696,045 (2019 - £363,358). Amounts paid to close family members of key management totalled £19,727 (2019 - 16,725).

The aggregate amount of dividends paid to directors was £721,800 (2019 - £405,701).

During the year, the Company received a short term loan of £Nil (2019 - £215,073) from a shareholder. The balance outstanding at the year end was £Nil (2019 - £Nil).

28. ULTIMATE CONTROLLING PARTY

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