

Company Registration No. 07012425 (England and Wales)

EURO PACKAGING UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



EURO PACKAGING UK LIMITED

COMPANY INFORMATION

Directors

Z K Lowe

A Miniere

P Timmins

S Windham Luck

Mr I Majid

Q Ahmed

(Appointed 16 January 2019)

(Appointed 8 August 2020)

(Appointed 31 January 2020)

Secretary

M A Shaikh

Company number

07012425

Registered office

20 Brickfield Road

Yardley

Birmingham

B25 8HE

Auditor

Cowgill Holloway LLP

Regency House

45-53 Chorley New Road

Bolton

BL1 4QR

Bankers

HSBC Bank plc

4th Floor

120 Edmund Street

Birmingham

B3 2QZ

EURO PACKAGING UK LIMITED

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EURO PACKAGING UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

Turnover for the year ended 31 December 2019 amounted to £84.5m compared to £87.9m for 2018, a 3.9% decrease. This reduction was due to a conscious decision by the board to review the profitability of contracts. As a result of this review and effective cost control, gross profit increased by £2.7m, an 18.2% increase over 2018.

Distribution costs decreased by 29.6% to £2.5m when compared to 2018. This is as a direct result of combining transport resources with other Group Companies.

Administrative expenses have increased when compared to 2018 by £2.2m, a 23.0% increase. This is predominately due to increases in wages, consultancy, management charges and losses on foreign exchange.

The Directors are satisfied with the year's profit before tax of £1.5m (2018: £1.0m) which was achieved in the year ended 31 December 2019.

At the year-end, the company has net assets of £8.7m (2018: £7.3m), achieving a growth of 18.2%.

The company is continuing to develop and expand its product range in order to meet the ever-changing demands of the consolidation market, and changes in the industry as packaging criteria's evolve.

The Directors expect the business to continue to grow profitability in 2020. The organisation will continue to offer and develop product innovations, as well as providing our customers with market leading management information and electronic ordering facilities.

EURO PACKAGING UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

The company's activities expose it to a number of financial risks, not all of which are within its control.

Cash flow risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The majority of the company's inventory purchases are in US dollars. While the company invoices a proportion of its sales in US dollars which provides a natural hedge against some of the exposure to currency fluctuations.

Credit risk

The company's principal financial assets are cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in recoverability of the debt.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The company has obtained credit insurance which covers the majority of the receivables from customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

The company monitors its cash flow on a daily basis as part of its normal control procedures.

Perceived environmental issues

There has been a UK government led campaign over the last few years targeting the reduction in the usage of plastic products because of their perceived negative environmental impact. There is a risk of further reduction in plastic bag and other similar packaging usage both in the UK and overseas markets as further targets and/ or environmental taxes are introduced. The company is at the forefront in the offering of alternative materials and product solutions to its customers to assist them in meeting their environmental obligations whilst meeting the needs of consumers.

Commodity price risk

The company is exposed to commodity price risk in relation to the cost of its raw material input, polyethylene resin and paper. The company monitors trends in the market closely and liaises with related companies and third party suppliers in relation to fluctuations in the prices and impact on future profitability. The company does not hedge its future raw material requirement but it does seek to recover major movements in the commodity price through price adjustments with its customers when appropriate.

Brexit

Following the UK leaving the European Union on 31 January 2020, uncertainty has increased surrounding the outlook of the UK economy. Although at present there appears to be minimal impact on consumer confidence, this uncertainty may ultimately impact on market confidence and as a result could potentially impact on the demand and price for products/services, which in turn may affect revenue, profit and cash flow.

EURO PACKAGING UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Coronavirus

At the time of filing we are faced with the effect of Coronavirus (COVID19). Whilst no one can predict the extent of the impact this will have, the company is taking steps to protect against the worst effects. This includes eliminating unnecessary meetings and travel, preparations in case employees are recommended to self-isolate, implementing improved hygiene processes and protecting the company's liquidity. We have also furloughed a number of non-essential staff, while office staff able to work from home are doing so. Despite this, the company's operations are still able to continue, albeit in a reduced capacity. The company is monitoring the situation daily and is in continuing close liaison with both its trading partners and its employees.

From a financial perspective, the company will utilise the available payment deferral schemes offered by HMRC to ease cash flow.

Other performance indicators

The company reviews and monitors its performance against a number of key performance indicators both financial and non-financial. The principal measures include revenue growth, maintaining service levels, improvement of gross margins and EBITDA. These are reviewed by the management team and reported to the Board on a monthly basis.

The Directors have continually monitor all of the KPI's and daily operating controls and maintain a strong focus on increasing performance in all aspects of the business.

The main KPI's and corresponding results are as follows:

	2019	2018
Gross profit %	20.6%	16.7%
Net profit %	1.7%	1.1%
EBITDA excluding charitable donations	£3,583,927	£2,215,648
Net assets	£8,664,195	£7,330,984

Future developments

The directors anticipate increasing profitability in the forthcoming year, as the company continues to develop its existing markets and strategy.

The directors have decided to transfer the trade and assets of Jena (UK) Limited, a fellow group company, into the company on a going concern basis, effective from 1 January 2020.

On behalf of the board

DocuSigned by:

Qadir Ahmed

6052919490B8472.....

Q Ahmed

Director

1/10/2020 | 2:03 PM BST

EURO PACKAGING UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of the supply of consumable and goods for resale products, both in-house manufactured and third party sourced, to the retail market sector. Additionally, the organisation provides a comprehensive consolidation solution for Goods Not For Resale (GNFR) to both food and non-food retailers.

Directors

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

D L Smith	(Resigned 25 September 2019)
Z K Lowe	
A Miniere	(Appointed 16 January 2019)
P Timmins	
S Windham Luck	
D Seddon	(Resigned 30 January 2020)
Q Ahmed	(Appointed 31 January 2020 and resigned 25 September 2019)
Mr I Majid	(Appointed 8 August 2020)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

Employees are the key to achieving the company's business strategy and the company is committed to improving their skills through training, development and nurturing a culture in which employees feel valued for their contribution and are motivated to achieve their full potential. It is policy for every employee to be treated with respect and dignity in a culture of equal opportunities, in which personal success and the associated rewards depend on merit and performance.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that relevant employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through various activities.

Auditor

Cowgill Holloway LLP were appointed as auditor to the company and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

EURO PACKAGING UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of directors' responsibilities

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:

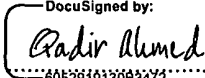
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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

DocuSigned by:

.....605281813085472.....
Q Ahmed
Director

1/10/2020 | 2:03 PM BST

Date:

EURO PACKAGING UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EURO PACKAGING UK LIMITED

Opinion

We have audited the financial statements of Euro Packaging UK Limited (the 'company') for the year ended 31 December 2019 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 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 FRS 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 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 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.

EURO PACKAGING UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EURO PACKAGING UK 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 and the directors' report.

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 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.

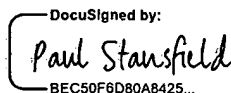
Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

DocuSigned by:

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Paul Stansfield (Senior Statutory Auditor)
for and on behalf of Cowgill Holloway LLP

1/10/2020 | 2:04 PM BST.

Chartered Accountants
Statutory Auditor

Regency House
45-53 Chorley New Road
Bolton
BL1 4QR

EURO PACKAGING UK LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

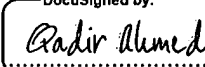
		2019	2018
	Notes	£	as restated £
Turnover	3	84,487,882	87,922,932
Cost of sales		(67,100,786)	(73,212,866)
Gross profit		17,387,096	14,710,066
Distribution costs		(2,518,367)	(3,578,686)
Administrative expenses		(11,888,005)	(9,661,564)
Profit on sale of fixed assets		-	100,673
Operating profit before donations		2,980,724	1,570,489
Charitable donations	4	(1,000,050)	(258,135)
Operating profit	5	1,980,674	1,312,354
Interest receivable and similar income	8	13,636	1,897
Interest payable and similar expenses	9	(521,129)	(312,774)
Amounts written off investments	10	(15,557)	-
Profit before taxation		1,457,624	1,001,477
Tax on profit	11	(124,413)	102,264
Profit for the financial year		1,333,211	1,103,741

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

EURO PACKAGING UK LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2019**

		2019		2018 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		3,176,350		2,666,376
Investments	13		-		15,557
			<u>3,176,350</u>		<u>2,681,933</u>
Current assets					
Stocks	15	8,944,443		16,022,434	
Debtors	16	20,731,358		22,981,152	
Cash at bank and in hand		3,877,164		1,044,566	
		<u>33,552,965</u>		<u>40,048,152</u>	
Creditors: amounts falling due within one year	17	(16,597,706)		(23,750,415)	
Net current assets			<u>16,955,259</u>		<u>16,297,737</u>
Total assets less current liabilities			<u>20,131,609</u>		<u>18,979,670</u>
Creditors: amounts falling due after more than one year	18	(11,367,079)		(11,523,770)	
Provisions for liabilities	21	(100,335)		(124,916)	
Net assets			<u><u>8,664,195</u></u>		<u><u>7,330,984</u></u>
Capital and reserves					
Called up share capital	24	2,000,002		2,000,002	
Profit and loss reserves		6,664,193		5,330,982	
Total equity			<u><u>8,664,195</u></u>		<u><u>7,330,984</u></u>

The financial statements were approved by the board of directors and authorised for issue on 1/10/2020 | 2:03 PM BST and are signed on its behalf by:

DocuSigned by:

 605281813083472...
 Q Ahmed
 Director

Company Registration No. 07012425

EURO PACKAGING UK LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2018	2,000,002	4,227,241	6,227,243
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	1,103,741	1,103,741
Balance at 31 December 2018	2,000,002	5,330,982	7,330,984
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	1,333,211	1,333,211
Balance at 31 December 2019	<u>2,000,002</u>	<u>6,664,193</u>	<u>8,664,195</u>

EURO PACKAGING UK LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2019**

		2019		2018 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	30	5,134,483		5,357,408	
Interest paid		(521,129)		(312,774)	
Income taxes paid		(92,122)		(144,629)	
Net cash inflow from operating activities		4,521,232		4,900,005	
Investing activities					
Purchase of tangible fixed assets		(1,378,584)		(694,004)	
Proceeds on disposal of tangible fixed assets		193,729		163,240	
Proceeds on disposal of subsidiaries		15,557		-	
Proceeds on disposal of fixed asset investments		(15,557)		-	
Proceeds from other investments and loans		(360,724)		(6,797)	
Interest received		13,636		1,897	
Net cash used in investing activities		(1,531,943)		(535,664)	
Financing activities					
Repayment of borrowings		-		(4,480,986)	
Payment of finance leases obligations		(156,691)		167,220	
Net cash used in financing activities		(156,691)		(4,313,766)	
Net increase in cash and cash equivalents		2,832,598		50,575	
Cash and cash equivalents at beginning of year		1,044,566		993,991	
Cash and cash equivalents at end of year		3,877,164		1,044,566	

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Euro Packaging UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 20 Brickfield Road, Yardley, Birmingham, B25 8HE.

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.

The company has not prepared consolidated accounts on the groups that its subsidiary undertakings are not material for the purpose of giving a true and fair view as permitted by s405 of the Companies Act 2006.

1.2 Going concern

The company's business activities, together with the factors likely to affect its future development performance and position are set out in the strategic report.

The current economic conditions created by Brexit create uncertainty particularly over (a) the level of demand for the company's products; (b) the exchange rate between sterling, euro and the US dollar and thus the consequence for the cost of the company's products for sale; and the (c) the availability of finance in the foreseeable future.

The financial affects of COVID-19 are uncertain however the directors are satisfied that they have taken all necessary steps to protect the company's financial position, managing restricted operations and safeguarding employees.

The company's forecasts and projections, taking into account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current resources.

Accordingly, the directors have a reasonable expectation 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 annual 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 and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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

Leasehold improvements	Over lease period
Plant and equipment	10% p.a. straight line basis
Office and computer equipment	20% - 25% p.a. straight line basis
Motor vehicles	20% p.a. straight line basis or over length of lease

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.

1.5 Fixed asset investments

Interests in subsidiaries 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.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell on a first in, first out basis. In respect of manufactured finished goods, cost includes all raw materials, consumables, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items, where appropriate.

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.

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.

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

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.

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 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 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.

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

1.13 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.

1.14 Retirement benefits

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

1.15 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.

1.16 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 are included in the profit and loss account for the period.

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

1.17 Change of presentation

The presentation of balances within cash at bank, stock, debtors: amounts falling due within one year and creditors: amounts falling due within one year have been restated. This was in order to to correctly reflect goods in transit, related party balances, accruals and VAT creditor balances.

The presentation of expenses within cost of sales and administrative expenses have been restated. This was in order to correctly present goods in transit and expenses according to their nature.

The change in presentation of these balances has had no effect on the previously reported profit or net assets as at 31 December 2018.

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock provision

To ensure that adequate provision is made in the company's accounts for slow moving, damaged and obsolete stock the directors recognise specific provisions based on the age and category of stock held at the year end. At the year end the provision totalled £1,205,586 (2018: £1,279,000).

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Sales of goods	84,487,882	87,922,932
	<u> </u>	<u> </u>
	2019 £	2018 £
Other significant revenue		
Interest income	13,636	1,897
	<u> </u>	<u> </u>

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue

(Continued)

	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	69,695,432	72,401,840
Europe, Middle East and Africa	14,676,687	14,032,032
Asia	113,363	1,482,564
The Americas	2,400	6,496
	<u>84,487,882</u>	<u>87,922,932</u>

4 Charitable donations

	2019 £	2018 £
Charitable Donations	<u>1,000,050</u>	<u>258,135</u>

5 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	657,003	(373,941)
Fees payable to the company's auditor for the audit of the company's financial statements	22,500	25,510
Depreciation of owned tangible fixed assets	410,902	531,204
Depreciation of tangible fixed assets held under finance leases	192,301	113,955
Loss/(profit) on disposal of tangible fixed assets	71,678	(100,376)
Operating lease charges	<u>570,123</u>	<u>534,730</u>

6 Employees

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

	2019 Number	2018 Number
Management	3	4
Administration	73	77
Selling	23	12
Production and distribution	<u>291</u>	<u>269</u>
	<u>390</u>	<u>362</u>

EURO PACKAGING UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****6 Employees****(Continued)**

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	9,552,649	8,824,063
Social security costs	910,946	823,427
Pension costs	159,083	111,361
	<u>10,622,678</u>	<u>9,758,851</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	472,801	374,517
Company pension contributions to defined contribution schemes	13,102	11,403
	<u>485,903</u>	<u>385,920</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2018 - 3).

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

	2019 £	2018 £
Remuneration for qualifying services	145,833	135,634
Company pension contributions to defined contribution schemes	5,000	5,000
	<u>150,833</u>	<u>140,634</u>

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	8,426	1,897
Other interest income	5,210	-
Total income	<u>13,636</u>	<u>1,897</u>

EURO PACKAGING UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****9 Interest payable and similar expenses**

	2019	2018
	£	£
Interest on bank overdrafts and loans	5,753	571
Interest payable to group undertakings	-	217,719
Interest on finance leases and hire purchase contracts	10,420	10,035
Interest payable to related parties	504,956	84,449
	<u>521,129</u>	<u>312,774</u>

**10 Amounts written off investments
fixed asset investments**

	2019	2018
	£	£
Other gains and losses	(15,557)	-
	<u>(15,557)</u>	<u>-</u>

11 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	160,685	74,448
Adjustments in respect of prior periods	(11,691)	(225,377)
Total current tax	<u>148,994</u>	<u>(150,929)</u>
Deferred tax		
Origination and reversal of timing differences	(44,743)	12,917
Adjustment in respect of prior periods	20,162	35,748
Total deferred tax	<u>(24,581)</u>	<u>48,665</u>
Total tax charge/(credit)	<u>124,413</u>	<u>(102,264)</u>

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Taxation

(Continued)

The actual charge/(credit) 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:

	2019 £	2018 £
Profit before taxation	1,457,624	1,001,477
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	276,949	190,281
Tax effect of expenses that are not deductible in determining taxable profit	16,381	2,674
Adjustments in respect of prior years	(11,691)	(225,377)
Group relief	(148,228)	(87,177)
Research and development tax credit	(29,160)	-
Deferred tax adjustments in respect of prior years	20,162	35,748
Other	-	(18,413)
Taxation charge/(credit) for the year	124,413	(102,264)

12 Tangible fixed assets

	Leasehold Improvements	Assets under construction	Plant and equipment	Office and computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2019	-	-	4,910,737	511,190	736,160	6,158,087
Additions	62,878	521,719	382,607	377,530	33,850	1,378,584
Disposals	-	-	(1,071,328)	-	(35,000)	(1,106,328)
At 31 December 2019	62,878	521,719	4,222,016	888,720	735,010	6,430,343
Depreciation and impairment						
At 1 January 2019	-	-	2,757,178	364,680	369,853	3,491,711
Depreciation charged in the year	524	-	459,576	62,383	80,720	603,203
Eliminated in respect of disposals	-	-	(805,921)	-	(35,000)	(840,921)
At 31 December 2019	524	-	2,410,833	427,063	415,573	3,253,993
Carrying amount						
At 31 December 2019	62,354	521,719	1,811,183	461,657	319,437	3,176,350
At 31 December 2018	-	-	2,153,559	146,510	366,307	2,666,376

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets (Continued)

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

	2019 £	2018 £
Plant and equipment	591,156	669,502

13 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	14	-	15,557

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2019 & 31 December 2019	15,557
Impairment	
At 1 January 2019	-
Impairment losses	15,557
At 31 December 2019	15,557
Carrying amount	
At 31 December 2019	-
At 31 December 2018	15,557

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct Indirect	
Euro Packaging (Suisse) SARL - in Liquidation	2	Ordinary	100.00	-
Euro Packaging Iberia DL	1	Ordinary	100.00	-

Registered office addresses (all UK unless otherwise indicated):

- 1 Barrio Samano 74 AA3, 39709 Castro-Urdiales, Spain
- 2 Morgenstrasse 129, 3018 Bern, Switzerland

EURO PACKAGING UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****15 Stocks**

	2019	2018 as restated
	£	£
Raw materials and consumables	1,009,832	3,319,756
Goods in transit	2,097,633	3,924,623
Finished goods and goods for resale	5,836,978	8,778,055
	<u>8,944,443</u>	<u>16,022,434</u>

16 Debtors

	2019	2018 as restated
	£	£
Amounts falling due within one year:		
Trade debtors	16,509,519	18,201,479
Amounts owed by group undertakings	1,991,464	515,706
Other debtors	1,600,755	3,678,441
Prepayments and accrued income	629,620	585,526
	<u>20,731,358</u>	<u>22,981,152</u>

Trading balances due from group undertakings and related parties, included within other debtors, are repayable on demand, unsecured, subject to normal trading terms and do not attract interest.

17 Creditors: amounts falling due within one year

		2019	2018 as restated
	Notes	£	£
Obligations under finance leases	20	156,691	156,691
Trade creditors		6,405,572	9,586,033
Amounts owed to group undertakings		292,299	2,485,359
Corporation tax		131,314	74,442
Other taxation and social security		654,777	471,927
Other creditors		6,714,903	9,129,078
Accruals and deferred income		2,242,150	1,846,885
		<u>16,597,706</u>	<u>23,750,415</u>

Trading balances due to group undertakings and related parties, included within other creditors, are repayable on demand, unsecured, subject to normal trading terms and do not attract interest.

Finance lease liabilities are secured against the assets to which they relate.

EURO PACKAGING UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****18 Creditors: amounts falling due after more than one year**

	Notes	2019 £	2018 £
Obligations under finance leases	20	242,164	398,855
Loans due to related parties	19	11,124,915	11,124,915
		<u>11,367,079</u>	<u>11,523,770</u>

Loans due to related parties are unsecured and attract interest at 4.5% p.a., and are repayable in 2027.

Finance lease liabilities are secured against the assets to which they relate.

19 Loans and overdrafts

	2019 £	2018 £
Loans due to related parties	<u>11,124,915</u>	<u>11,124,915</u>
Payable after one year	<u>11,124,915</u>	<u>11,124,915</u>

Loans due to related parties are unsecured and attract interest at 4.5% p.a., and are repayable in 2027.

20 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	156,691	156,691
In two to five years	242,164	398,855
	<u>398,855</u>	<u>555,546</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	22	<u>100,335</u>	<u>124,916</u>

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

22 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	119,074	129,657
Retirement benefit obligations	(7,339)	(2,841)
Other short term timing differences	(11,400)	(1,900)
	<u>100,335</u>	<u>124,916</u>
Movements in the year:		2019 £
Liability at 1 January 2019		124,916
Credit to profit or loss		(44,743)
Other		20,162
Liability at 31 December 2019		<u>100,335</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

23 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	159,083	111,361

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.

As at 31 December 2019, contributions due to the schemes in respect of the current reporting year were £75,307 (2018: £37,704).

24 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
2,000,002 Ordinary shares of £1 each	<u>2,000,002</u>	<u>2,000,002</u>

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

25 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:

	2019 £	2018 £
Within one year	475,634	548,771
Between two and five years	409,899	869,948
	<u>885,533</u>	<u>1,418,719</u>

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	<u>327,723</u>	<u>27,000</u>

27 Directors' transactions

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Director's loan	-	4,200	-	(1,400)	2,800
Director's loan	-	-	10,000	(4,807)	5,193
		<u>4,200</u>	<u>10,000</u>	<u>(6,207)</u>	<u>7,993</u>

EURO PACKAGING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2019**

28 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 section 1.12(e) 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

During the year the company has recognised rental charges of £1,501,476 (2019: £1,471,839) and interest charges of £500,677 (2018: £84,449) from Euro Property Investments Limited, a related company due to common directors and control. At the year end a loan of £11,124,915 (2018: £11,124,915) was owed to Euro Property Investments Limited, this amount is included within creditors: amounts falling due after more than one year. The balance owed is unsecured and attracts interest at 4.5% p.a. Additionally amounts due from Euro Property Investments Limited as at the year end amounted to £349,161 (2018: £33,723) and is included within other debtors.

During the year the company has recognised recharges of £748 (2018: £Nil) to Your Office Space Limited, a company under common control. At the year end an amount of £748 (2018: £Nil) was owed by Your Office Space Limited, this amount is included within other debtors.

During the year the company has recognised purchases of £10,484,019 (2018: £420,000) from Euro Nature Green SDN BHD, a company under common control. At the year end an amount of £2,219,161 (2018: £5,072,588) was owed to Euro Nature Green SDN BHD, this amount is included within other creditors.

During the year the company has recognised management charges of £873,000 (2018: £16,368,884) from, and sales of £2,260 (2018: £Nil) to, Euro Capital General Trading LLC, a company under common control. At the year end an amount of £2,260 (2018: £1,971,306) was owed by Euro Capital General Trading LLC, this amount is included within other debtors.

During the year the company has recognised sales of £18,494 (2018: £Nil) to Gulf Shine Plastic Company LLC, a company under control of a close family member. At the year end an amount of £18,494 (2018: £Nil) was owed by Gulf Shine Plastic Company LLC, this amount is included within other debtors.

During the year the company has recognised sales of £567,950 (2018: £Nil) to Manchester Paper Bags Manufacturing LLC, a company under control of a close family member. At the year end an amount of £377,702 (2018: £Nil) was owed from Manchester Paper Bags Manufacturing LLC, this amount is included within other debtors.

During the year the company made donations of £Nil (2018: £250,000) to Euro Charity Trust, a related party due to its common trustees.

During the year the company made donations of £1,000,000 (2018: £Nil) to AM Foundation, a related party due to its common trustees.

As at the year end there are balances owing from the ultimate shareholders of £362,154 (2018: £10,433). The balances owed are unsecured and attract interest at 2.5%. Advances made to shareholders in the year totalled £378,495, repayments made by shareholders totalled £26,773 and interest charged was £5,210.

29 Ultimate controlling party

The ultimate parent company is Euro Packaging Jersey Limited, a company registered in Jersey.

The controlling parties of Euro Packaging Jersey Limited are A M Alimahomed and S M Alimahomed, each owning 50% of the share capital of Euro Packaging Jersey Limited.

EURO PACKAGING UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****30 Cash generated from operations**

	2019	2018 as restated
	£	£
Profit for the year after tax	1,333,211	1,103,741
Adjustments for:		
Taxation charged/(credited)	124,413	(102,264)
Finance costs	521,129	312,774
Investment income	(13,636)	(1,897)
Loss/(gain) on disposal of tangible fixed assets	71,678	(100,376)
Depreciation and impairment of tangible fixed assets	603,203	645,159
Amounts written off investments	15,557	-
Movements in working capital:		
Decrease/(increase) in stocks	7,077,991	(5,343,972)
Decrease in debtors	2,610,518	2,012,896
(Decrease)/increase in creditors	(7,209,581)	6,831,347
Cash generated from operations	<u>5,134,483</u>	<u>5,357,408</u>

31 Analysis of changes in net debt

	2019 £
Opening net funds/(debt)	
Cash at bank and in hand	1,044,566
Borrowings excluding overdrafts	(11,124,915)
Obligations under finance leases	(555,546)
	<u>(10,635,895)</u>
Changes in net debt arising from:	
Cash flows of the entity	3,004,846
Acquisition and disposal of subsidiaries	(15,557)
	<u>(7,646,606)</u>
Closing net funds/(debt) as analysed below	<u>(7,646,606)</u>
Closing net funds/(debt)	
Cash at bank and in hand	3,877,164
Borrowings excluding overdrafts	(11,124,915)
Obligations under finance leases	(398,855)
	<u>(7,646,606)</u>