Vita (Group) Unlimited

Annual report and financial statements for the year ended 31 December 2018

Registered number 871669

Vita (Group) Unlimited

Annual report and financial statements

for the year ended 31 December 2018

Contents

Vita (Group) Unlimited

Directors and advisors for the year ended 31 December 2018

Directors
Mr J Cheele
Mr D O'Riordan
Mr C Josephs
Mr D Round
Miss G Rowland
Mr I W Robb
Mr M O Shafi Khan
Mr G Davids

Secretary
Vita Industrial (UK) Limited

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
No 1 Spinningfields
Hardman Square
Manchester
M3 3EB

Registered office
Oldham Road
Middleton
Manchester
M24 2DB

Registered number
871669

Vita (Group) Unlimited

Strategic report for the year ended 31 December 2018

The directors present their Strategic report on the Company for the year ended 31 December 2018.

Principal activities
The principal activity of the Company during the year was that of immediate parent of the United Kingdom (UK) and overseas investments of the Group (Vita (Lux III) S.àr.l and its subsidiary companies). Principal investments and changes in the year are detailed in note 8 to the financial statements.

Business review
Turnover of the Company of £1,954,073 for the financial year (2017: £1,875,123) relates to management charges. The loss for the financial year was £8,870,052 (2017: £16,756) and net assets at 31 December 2018 were £154,012,758 (2017: £162,209,810).

In 2018, the Company incurred net exceptional operating expenses of £2,513,714 (2017: gained net exceptional operating income of £3,482,142). Please refer to Note 1 of the financial statements for further details. The Company also incurred expenses of £nil in relation to the waiver of an inter-company loan receivable from the Company's subsidiary British Vita Property UK (2) Limited (2017: £1,463,233).

Environment
The Company recognises the importance of its environmental responsibilities, undertakes initiatives to promote greater environmental responsibility, encourages the development and sharing of environmentally friendly technologies, designs and implements policies to reduce any environmental damage that might be caused by its activities and regularly reviews its performance. The Company operates in accordance with Group policies.

Principal risks and uncertainties
The management of the business and the execution of the Group's strategy are subject to a number of risks.

Competitive pressure in the trading subsidiary undertakings, both within the UK and overseas, is a continuing risk for the Group. The Group manages this risk by providing value added services to its customers, having fast response times not only in supplying products but in handling all customer queries and by maintaining strong relationships with customers.

In the UK, uncertainty in the process for leaving the European Union may impact consumer confidence and the business remains alert to rapid changes in consumer behaviour in all key European markets. Management will continue to monitor taxation and regulatory developments associated with Brexit, so that any consequences are addressed.

Brexit scenarios range from a "soft" negotiated deal to a "hard" outcome, and all scenarios will impact the Group in some way, including but not limited to the following:

- Potential limiting of future growth in cross-border trade,
- Potential loss of free trade between the UK and Europe in the case of a "hard" Brexit, specifically, imposition of import duties and other customs related costs,
- Potential changes to trade agreements outside the EU,
- Changes to VAT arrangements.

However, management does not consider that these will affect the Company's ability to continue as a going concern, given the information currently available.

Financial risk management
The Group, of which the Company is a member, through its treasury activities seeks to reduce financial risk, ensure sufficient liquidity and manage surplus cash. The treasury department operates within parameters approved and monitored by the Group Board of Directors and restricts transactions to banks that have a defined minimum credit rating.

Financial risk management (continued)
The treasury department does not take speculative financial positions and makes limited use of derivative financial instruments. The treasury department advises operational management on all financial risks and executes all major transactions in financial instruments. In the UK, the treasury department arranges all foreign currency forward contracts to hedge transactional exposures and ensures exposures are fully hedged as they arise and, where appropriate, hedges future exposures up to six months forward. In addition, the treasury department manages borrowings. At the year end the Company had no foreign currency forward contracts (2017: none).

The Group seeks to reduce credit risk through the use of credit insurance and pro-active credit control procedures.

Key Performance Indicators ("KPIs")
The Company produces monthly reporting packs containing its financial results and these are consolidated into the total numbers for submission to the Group for review. The Key Performance Indicators on which the Company focuses are:

- EBITDA
- Working Capital
- Operating Cash Flow

The KPIs are measured in absolute terms and, in addition, working capital is also measured on days sales outstanding, days purchases outstanding and days inventory in hand.

Non financial
There are three non financial key performance indicators which are:

- Health and safety
- Environment
- Compliance

On behalf of the Board

Mr I W Robb
Director
7 June 2019

Vita (Group) Unlimited

Directors' report for the year ended 31 December 2018

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2018.

Political and charitable contributions
No political or charitable donations were made by the Company during the current or prior year.

Future developments
The Company continues to operate as immediate parent of the UK and overseas investments of the Group.

Dividends
The directors have not paid and do not propose a dividend in respect of the year ended 31 December 2018 (2017: €nil).

Going concern
The directors have assessed the Company's going concern status using all available information and considered the foreseeable future. The Company has received written confirmation from a fellow group undertaking that it will not demand repayment of amounts owed by the Company during twelve months from the approval of these financial statements, unless the Company has adequate funds to make such repayment. Following this assessment the directors conclude that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern.

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

Mr J Cheele (resigned 31 December 2018)
Mr D O'Riordan
Mr C Josephs (resigned 31 March 2019)
Mr D Round
Miss G Rowland
Mr I W Robb (appointed 7 January 2019)
Mr M O Shafi Khan (appointed 12 April 2019)
Mr G Davids (appointed 12 April 2019)

Financial risk management
Financial risk management is described in the Strategic report on page 2.

Employees, human rights and labour practices
The Company is an organisation which seeks to engage with its employees and embraces everyone's talents and abilities, and where diversity is valued. It does not unfairly discriminate and respects human rights. It seeks to recruit the right people who are committed to the business and to provide opportunities for employees to progress within the organisation on the basis of their skills, experience and aptitude.

The Company encourages involvement of its employees in the performance of the business and aims to achieve a sense of shared commitment. There is also regular consultation with employees or their representatives, so that the views of employees can be taken into account in making decisions that are likely to affect their interests. The Company produces a regular employee e-newsletter to share experiences and achievements. The Company has an intranet, which is a central portal for information on projects, Safety, Health and Environment (SHE) matters and policies. Announcements are periodically circulated to give details of commercial and staff matters. Notice boards are positioned at strategic locations at all sites, to ensure employees are informed on SHE matters as well as providing information relating to performance and projects. Posters providing information about the Group's Whistleblowing Policy are shown on employee notice boards at all sites.

Employment policies
The Company has standards of business conduct with which it expects all its employees to comply. The Company is committed to employment policies which follow best practice and are based on respect and equal opportunities for all employees, irrespective of gender, religion or belief, age, racial or ethnic origin, sexual orientation or disability. The Company supports the employment, training, career development and promotion of all its employees. The Company also supports the continuing employment and training of employees who have become disabled while employed by the company. To avoid any issues arising from any conflicts of interest between the interests of the business and any personal interests of the employee, employees are encouraged always to disclose any potential or actual conflicts of interest to their manager or Human Resources representative.

Directors' report for the year ended 31 December 2018 (continued)

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board

Mr I W Robb
Director
7 June 2019

Vita (Group) Unlimited

Independent auditors' report to the members of Vita (Group) Unlimited

Report on the audit of the financial statements

Opinion
In our opinion, Vita (Group) Unlimited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Vita (Group) Unlimited (continued)

Strategic report and Directors' report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit
Responsibilities of the directors for the financial statements
As explained more fully in the Statement of directors' responsibilities , the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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 an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Simon White

Simon White (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
7 June 2019

Vita (Group) Unlimited

Profit and loss account for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover		**1,954,073**	1,875,123
Administrative expenses before exceptional items		**(3,092,135)**	(1,391,044)
Exceptional items	1	**(2,513,714)**	3,482,142
Net administrative (expenses)/income		**(5,605,849)**	2,091,098
Waiver of inter-company loan receivable		**-**	(1,463,233)
Income from fixed asset investments		**-**	2,271,548
Operating (loss)/profit	1	**(3,651,776)**	4,774,536
Other interest receivable and similar income	2	**576,096**	1,266,534
Interest payable and similar expenses	3	**(8,030,254)**	(5,881,784)
Finance charge – pension	5	**(8,000)**	(20,000)
(Loss)/profit before taxation		**(11,113,934)**	139,286
Tax on (loss)/profit	6	**2,243,882**	(156,042)
Loss for the financial year	13	**(8,870,052)**	(16,756)

All results are generated from continuing operations.

The accounting policies and notes form part of these financial statements.

Vita (Group) Unlimited

Statement of comprehensive income for the year ended 31 December 2018

	Note	**2018**	2017
		£	£
Actuarial gain/(loss) on pension scheme	5	**673,000**	(20,093,167)
Current and deferred tax	6	**-**	4,354,176
Loss for the financial year	13	**(8,870,052)**	(16,756)
Total comprehensive expense for the financial year		**(8,197,052)**	(15,755,747)

Vita (Group) Unlimited

Balance sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	7	-	1,022
Investments	8	**395,336,851**	395,336,851
		395,336,851	395,337,873
Current assets			
Debtors (including £nil (2017: £63,114,979) falling due after more than one year)	9	**6,261,510**	67,514,097
Cash at bank and in hand		-	489,043
		6,261,510	68,003,140
Creditors: amounts falling due within one year	10	**(10,617,174)**	(23,183,375)
Net current (liabilities)/assets		**(4,355,664)**	44,819,765
Total assets less current liabilities		**390,981,187**	440,157,638
Creditors: amounts falling due after more than one year	11	**(236,968,429)**	(277,947,828)
Net assets		**154,012,758**	162,209,810
Capital and reserves			
Called up share capital	12	**1,000**	1,000
Profit and loss account	13	**154,011,758**	162,208,810
Total shareholder's funds		**154,012,758**	162,209,810

The accounting policies and notes form part of these financial statements.

The financial statements on pages 8 to 30 were approved by the board of directors on 7 June 2019 and were signed on its behalf by:

Mr I W Robb
Director
7 June 2019

Vita (Group) Unlimited
Registered number
871669

Vita (Group) Unlimited

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital	Profit and loss account	Total shareholder's funds
	£	£	£
At 1 January 2017	1,000	177,964,557	177,965,557
Loss for the financial year	-	(16,756)	(16,756)
Current and deferred tax	-	4,354,176	4,354,176
Actuarial loss on pension scheme	-	(20,093,167)	(20,093,167)
At 31 December 2017	1,000	162,208,810	162,209,810
Loss for the financial year	-	(8,870,052)	(8,870,052)
Actuarial gain on pension scheme	-	673,000	673,000
At 31 December 2018	**1,000**	**154,011,758**	**154,012,758**

Accounting policies

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Vita (Group) Unlimited for the year ended 31 December 2018 were authorised for issue by the board of directors on 10 May 2019 and the balance sheet was signed on behalf of the board by Mr I W Robb. Vita (Group) Unlimited is a private unlimited company, limited by shares, and is incorporated, registered and domiciled in England and Wales.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act), as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a wholly owned subsidiary of Vita (Lux III) S.àr.l., which produces consolidated financial statements that are publicly available. Copies of their financial statements can be obtained from Vita (Lux III) S.àr.l., 15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018. The financial statements are prepared in Sterling.

These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared, on the going concern basis, using the historical cost convention, as stated in the accounting policies.

The Company is a qualifying entity for the purposes of FRS 101. Note 17 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, "Financial Instruments: Disclosures"
- IAS 7, "Statement of cash flows"
- The requirements of IAS 24, "Related party disclosures" to disclose related party transactions entered into between two or more members of a group.

Critical accounting estimates and judgements
The Company's accounting policies have been set by management and approved by the Audit Committee. The application of these accounting policies to specific scenarios requires reasonable estimates and assumptions to be made concerning the future. These are continually evaluated based on historical experience and expectations of future events.

Under FRS 101, estimates or judgements are considered critical where they involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities from period to period. This may be because the estimate or judgement involves matters which are highly uncertain, or because different estimation methods or assumptions could reasonably have been used.

Critical accounting estimates have been made in the following areas when preparing the Group's financial statements:

i) Estimated retirement benefit obligations – the key assumptions used to calculate the pensions surpluses or deficit and the sensitivity of those assumptions to change is contained within note 5. The assumptions used are considered the best available and reasonable.

ii) Investments are included at cost less provision for impairment. Impairment values require the use of estimates. The main estimates are around a suitable discount rate and the forecasted cash flows, which are based on approved budgets, estimated growth rates and include terminal values. The assumptions used are considered the best available and reasonable. Any reasonable change in the assumptions would not result in impairment.

Accounting policies (continued)

Going concern
The Company meets its day-to-day working capital requirements through its cash reserves and borrowings. The current economic conditions continue to create uncertainty, particularly over the level of demand for the Company's products. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash reserves and borrowings.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has received written confirmation from a fellow group undertaking that it will not demand repayment of amounts owed by the Company during twelve months from the approval of these financial statements, unless the Company has adequate funds to make such repayment. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Tangible assets
Fixed assets are shown at cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Any related government grants are reported as deferred income and amortised over the expected useful life of the asset concerned. The balance of unamortised grants is disclosed as deferred income if material.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its useful life as follows:

	%
Office equipment	10 - 33%

Investments
Investments are included at cost less provision for impairment.

Impairment reviews
Where circumstances indicate that there may have been an impairment of the carrying value of an investment, intangible or tangible fixed asset, an impairment review is carried out using cash flows calculated from budgets and projections approved by the board which are discounted at the Group's risk-adjusted weighted average cost of capital calculated from equity market data and borrowing costs. The impairment cost, if material, is booked as an exceptional item in arriving at operating (loss)/profit.

Taxation
Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised to the extent that the Company is forecast to generate sufficient future taxable profits against which to utilise them.

Retirement benefit obligations
i) Defined benefit pension schemes:
For defined benefit schemes, the cost of benefits accruing during the year in respect of current and past service is charged or credited against operating profit or loss. The expected return on the schemes' assets and the increase in the present value of the schemes' liabilities arising from the passage of time, are included in finance costs.

Actuarial gains and losses are recognised in full in the year they occur. They are recognised outside the Profit and loss account and are presented in the Statement of changes in equity.

Retirement benefit obligations (continued)
The liability recognised in the balance sheet in respect of defined benefit schemes is the present value of the defined benefit obligations at the end of the reporting year less the fair value of scheme assets, together with adjustments for unrecognised past-service costs. The defined benefit obligations are calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligations.

ii) Defined contribution pension schemes:
Amounts charged in respect of defined contribution schemes represent the contributions payable in the year and are charged in the Profit and loss account.

Foreign currencies
Transactions denominated in foreign currencies are translated into Sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated into Sterling at the rate of exchange prevailing at the year end (or, where appropriate, at the rate of exchange in a related foreign currency forward contract). Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is included as an exchange gain or loss in the profit and loss account.

Cash flow statement
The Company is a wholly owned subsidiary of Vita (Lux III) S.àr.l., which produces consolidated financial statements that are publicly available. Consequently, the Company is exempt from the requirement of IAS 7 "Statement of Cash Flows" to prepare a cash flow statement.

Turnover
Turnover comprises the value of sales (excluding VAT) of services provided in the normal course of business to fellow group undertakings in accordance with the Group technical service agreements.

Exceptional items
Items which are both material and non-recurring in nature are presented as exceptional items in arriving at operating profit so as to provide a better indication of the Company's underlying business performance and are shown separately on the face of the profit and loss account.

New accounting standards and IFRS IC interpretations
The Company has adopted the following new and amended IFRSs in all periods presented in the historical financial information. There has not been a material impact to the Company when adopting these new and amended IFRSs:
- Annual improvements 2014 - 2016
- Amendment to IFRS 10 and IAS 28, 'Investment entity amendments"
- IFRS 9 'Financial instruments'
- IFRIC 22, 'Foreign currency transactions and advance consideration'
- IAS 40 'Transfers of investment property'

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:
- IFRS 16 'Leases'
- IFRIC 23 'Uncertainty over income tax treatments'
- Annual improvements 2015-2017
- Amendments to IFRS 9 (prepayment features)
- Amendments to IAS28 'long-term interests'

The Company intends to adopt IFRS 16 'Leases' with effect from 1 January 2019. As disclosed in note 14 to the financial statements, the Company has commitments under non-cancellable operating lease arrangements totalling £18,105 (2017: £24,312).

The Group has elected to apply the modified retrospective approach on transition to IFRS 16 - Leases, and as such the cumulative effect of initially applying the standard will be recognised at the date of initial application, being 1 January 2019.

Accounting policies (continued)

New accounting standards and IFRS IC interpretations (continued)
The expected impact on the Company's financial statements on initial application of IFRS 16 as at 1 January 2019 will be:

- the recognition of right of use assets with a total value of approximately £16,621;
- the recognition of corresponding lease liabilities of approximately £16,621;
- the de-recognition of accrued liabilities relating to leases of £nil.

The expected impact on the Company financial statements for the year ended 31 December 2019 is an increase in EBITDA of £6,207, an increase in leased asset finance charges of £551 and an increase in leased asset depreciation charges of £5,704.

Assumptions used in the calculation of the Incremental borrowing rates (IBR's):

- Vehicles - average of cost of debt for FactoFrance and the RCF facility, as a basis for shorter term debt. 0.5% is added for more expensive cars.

Early adoption of standards
The Company has not adopted, and does not intend to adopt, any standards early.

Financial liabilities

Initial recognition

Financial liabilities within the scope of IFRS 9 "Financial Instruments" are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings.

Recognition and measurement

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that do not meet the hedge accounting criteria of IFRS 9. Gains or losses on liabilities held for trading are recognised in the Profit and loss account.

(b) Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the loans and borrowings using the effective interest rate method.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts, together with any costs or fees incurred, are recognised in profit or loss.

Accounting policies (continued)

Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, and external loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise receivables, cash and commercial paper in the balance sheet.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value profit and loss are expensed in profit and loss.

The Group adopted IFRS 9 'Financial instruments' with effect from 1 January 2018. The new impairment model under IFRS 9 requires the recognition of impairment provisions for financial assets to be based on expected credit losses (ECL) rather than incurred credit losses as was the case under IAS 39. The Group has calculated impairment provisions for financial assets for each operating entity across the Group.

The impairment provisions, determined using the ECL model as at 1 January 2019 and 31 December 2018, are not materially different from the balances previously determined under IAS39.

On adoption of IFRS 9, there were no material reclassifications of financial assets or financial liabilities.

Vita (Group) Unlimited

Notes to the financial statements
for the year ended 31 December 2018

1 Operating (loss)/profit

Operating (loss)/profit is stated after charging /(crediting):	**2018** **£**	2017 £
Staff costs (see note 4)	**4,114,530**	828,724
Depreciation of tangible assets	**1,022**	341
Net foreign currency exchange differences	**5,979**	112,366
Exceptional items – legal and professional services	**156,948**	362,040
Exceptional items – release of onerous contract accrual	-	(3,844,182)
Waiver of inter-company loan receivable	-	1,463,233
Income from fixed asset investments	-	(2,271,548)
Services provided by the Company's auditors:		
- fees payable for statutory audit services	**3,000**	3,000

Auditors' remuneration of £3,000 (2017: £3,000) for statutory audit services was borne by a fellow group undertaking. The auditors received no remuneration for non-audit services (2017: £nil).

In 2018, the Company incurred net exceptional operating expenses of £156,948 (2017: £362,040) relating to legal and professional services, net exceptional operating expenses of £2,356,766, which are included in staff costs, £183,000 of which relates to directors' compensation for loss of office and £2,173,766 of which arose as a result of the acquisition of the Group by Strategic Value Partners (SVP) (2017: £nil). The company received a gain of £nil on the release of an onerous contract accrual (2017: £3,844,182). The Company also incurred expenses of £nil in relation to the waiver of an inter-company loan receivable from the Company's subsidiary British Vita Property UK (2) Limited (2017: £1,463,233).

2 Other interest receivable and similar income

	2018 **£**	2017 £
Bank interest	-	34,959
Amounts receivable from group undertakings	**576,096**	1,231,575
	576,096	1,266,534

3 Interest payable and similar expenses

	2018 **£**	2017 £
Bank loans and overdrafts	**684**	-
Bank guarantee fees	-	107,674
Amounts payable to group undertakings	**8,029,570**	5,774,110
	8,030,254	5,881,784

Notes to the financial statements (continued)

for the year ended 31 December 2018

4 Directors and employees

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

	2018 £	2017 £
Wages and salaries	**3,602,971**	930,387
Social security costs	**482,652**	106,041
Other pension costs	**28,907**	(207,704)
	4,114,530	828,724

The average monthly number of persons, including directors, during the year was:

	2018 Number	2017 Number
By activity		
Administration	**4**	4

Directors' remuneration

Five directors (2017: four) are directors for a number of group companies and it is not possible to allocate the remuneration between individual entities. Therefore, the Company discloses the total emoluments paid to those directors for their services in the year and the prior year in the table below.

	2018 £	2017 £
Total amount of emoluments	**3,586,004**	1,114,489
Value of company contributions to the defined contribution scheme	**32,575**	31,658

The number of directors who accrued benefits under a group defined contribution pension scheme during the year was three (2017: two).

Total amount of emoluments in 2018 includes £183,000 relating to directors' compensation for loss of office (2017: £nil).

Highest paid director

	2018 £	2017 £
Total amount of emoluments	**1,655,681**	440,161
Value of company contributions to the defined contribution scheme	-	-

5 Retirement benefit obligations

Defined benefit schemes
Within the UK, the majority of employees were eligible up to 28 February 2008 to join a scheme, administered by British Vita Pension Fund Trustees Limited, which provided final pensionable salary related benefits from separately invested assets. The Scheme was established from 1 April 1961 under trust and is currently governed by the scheme's trust deed and rules dated 15 November 2004. The Trustees are responsible for the operation and the governance of the scheme, including making decisions regarding the scheme's funding and investment strategy in conjunction with the Group.

The scheme is registered under UK legislation and funded in accordance with statutory requirements and the advice of consultant actuaries, Mercer Limited. The members of the scheme are contracted-in to the State Second Scheme but members have the option of contracting out via a Rebate Only Personal Pension Scheme. All members receive an annual benefits statement, together with a copy of an annual report on the status of the appropriate scheme. See below for details.

On 28 February 2008 the UK scheme was closed to any new entrants and the Group now operates a defined contribution scheme for new entrants. The scheme however continued to operate for existing members until 20 November 2015 when the scheme was closed to future accrual of benefits and the members were invited to join the defined contribution scheme.

Recognition of obligations and funding of defined benefit and insured defined benefit schemes are made according to the advice of independent consulting actuaries who regularly review the various schemes.

Management have undertaken a review and determined that the scheme assets and liabilities can not be apportioned between the participating companies and, as such, Vita (Group) Unlimited, as the deemed sponsoring company for the defined benefit scheme, will account for the scheme in full.

Defined contribution schemes
Defined contribution pension plans operate in the principal operations in the UK. Pension benefits are paid as ongoing payments. These benefits are funded and obligations accounted for at the time that benefits accrue and all investment, mortality and other risk is borne by the employee. Scheme assets are held separately from those of the Group by independent third party providers.

The Group's principal UK defined benefit pension scheme is set out below.

The 31 March 2018 actuarial valuation has been updated at 31 December 2018 by a qualified actuary using revised assumptions that are consistent with the requirements of IAS 19R 'Employee benefits'. Investments have been valued, for this purpose, at fair value.

The UK scheme, referred to above, was in surplus at the start of the year and at the end of the year. As the schemes are closed to new entrants, there is a restriction to the surplus that is recognised in the balance sheet. In addition, the Group has adopted IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' and, therefore, recognises the liability based on the present value of future deficit reduction contributions, which are now nil, following the payment of a lump sum of £21.9m in November 2017.

5 Retirement benefit obligations (continued)

(i) The major assumptions for the actuarial valuation were:

	2018	2017
Rate of increase in salaries	**3.6%**	3.4%
Rate of increase in pensions in payment	**2.3%**	2.2%
Rate of increase in deferred pensions	**2.3%**	2.3%
Discount rate	**2.9%**	2.6%
Inflation assumption	**3.2%**	3.2%
Mortality assumption	S2PA plus CMI 2017 (1.25% p.a.)	S2PA plus CMI 2016 (1.25% p.a.)

Mortality assumptions are set out below and uses the medium cohort projections and scheme specific adjustments apply (+2 years or -3 years depending on the pension scheme):

		2018	2017
Longevity at age 60 retiring immediately (current pensioner)	Male	**24.8**	25.0
	Female	**28.1**	28.1
Longevity at age 45 retiring at 60 (future pensioner)	Male	**25.9**	26.1
	Female	**29.3**	29.4

(ii) The fair value of the assets in the scheme, the present value of the obligations in the scheme and the expected rates of return at each balance sheet date were:

	2018 £000	2017 £000
Equity instruments	-	68,383
Debt instruments	**236,068**	175,367
Assets held by insurance company	**77,793**	83,791
Cash	**478**	7,231
Total market value of assets	**314,339**	334,772
Present value of scheme obligations	**(228,840)**	(252,526)
Scheme surplus	**85,499**	82,246
IFRIC 14 adjustment	**(85,499)**	(82,246)
Net pension surplus/deficit after IFRIC 14 adjustment	-	-

Notes to the financial statements (continued)
for the year ended 31 December 2018

5 Retirement benefit obligations (continued)

(iii) The sensitivity of the principal assumptions is as follows:

	Change in assumptions	Impact on scheme obligations
Discount rate	+/- 0.25%	(10.9)/10.3
Inflation assumption	+/- 0.25%	4.0/(5.6)
Mortality	+/- 1 year	8.0/(8.9)

The sensitivities have been calculated on an approximation basis by changing the key assumptions only while keeping all other assumptions fixed. The impact of the above sensitivity will be negated by the limitation under IFRIC 14.

(iv) Movements in the fair value of scheme assets:

	2018 £000	2017 £000
At 1 January	**334,772**	316,558
Employer contributions	**-**	23,645
Expected return on pension scheme assets	**8,509**	8,416
Administration expenses (included in administration expenses)	**(665)**	(712)
Actuarial (losses)/gains	**(13,929)**	1,221
Benefits paid	**(14,348)**	(14,356)
At 31 December	**314,339**	334,772

(v) Movements in present value of scheme obligations in the year:

	2018 £000	2017 £000
At 1 January	**252,526**	262,999
Past service refund (included in staff costs)	**-**	(260)
Interest on pension scheme obligations	**6,379**	6,907
Effect of changes in demographic assumptions	**(1,846)**	(5,001)
Actuarial (gains)/losses	**(13,871)**	2,237
Benefits paid	**(14,348)**	(14,356)
At 31 December	**228,840**	252,526

The actuarial loss is net of a gain of £1,846,000 (2017: £5,001,000) for demographic assumptions.

Notes to the financial statements (continued)
for the year ended 31 December 2018

5 Retirement benefit obligations (continued)

(vi) Analysis of the amount charged to operating loss:

	2018 £000	2017 £000
Past service refund (included in staff costs)	-	(260)
Administration expenses (included in administration expenses)	665	712
	665	452
(vii) Analysis of the amount credited/(charged) to net finance charges:		
Expected return on pension scheme assets	8,509	8,416
Interest on pension scheme obligations	(6,379)	(6,907)
Interest expense on effect of IFRIC 14	(2,138)	(1,529)
Net finance charge	(8)	(20)
(viii) Analysis of the amount recognised in the Statement of comprehensive income:		
Actual return less expected return on pension scheme assets	(13,929)	1,221
Effect of changes in demographic assumptions	1,846	5,001
Changes in assumptions underlying the present value of the scheme obligations	13,871	(2,237)
Movement under IFRIC 14	(1,115)	(24,078)
Actuarial gain/(loss) recognised in Statement of comprehensive income	673	(20,093)
(ix) Cumulative actuarial gains and losses recognised in equity:		
At start of year	(58,563)	(38,470)
Actuarial gain/(loss) recognised in equity	673	(20,093)
At end of year	(57,890)	(58,563)

The cumulative loss reflects the total recognised since the acquisition of British Vita PLC in June 2005.

	2018 £000	2017 £000
Total market value of assets	314,339	334,772
Present value of scheme obligations	(228,840)	(252,526)
Surplus in scheme	85,499	82,246
Restriction on surplus	(85,499)	(82,246)
Net pension surplus/deficit after IFRIC 14 adjustment	-	-

5 Retirement benefit obligations (continued)

(x) Information about the risks of the scheme to the Group:
The ultimate cost of the scheme to the Group will depend upon actual future events rather than the assumptions made. Many of the assumptions made are unlikely to be borne out in practice and as such the cost of the scheme may be higher (or lower) than disclosed. In general, the risk to the Group is that the assumptions underlying the disclosures or the calculation of contribution requirements are not borne out in practice and the cost to the Group is higher than expected. This could result in higher contributions required from the Group and a higher deficit disclosed.

More specifically, the assumptions not being borne out in practice could include:

i. The return on the scheme's assets being lower than assumed, resulting in an unaffordable increase in the required Group contributions;
ii. Falls in asset values (particularly equities) not being matched by similar falls in the value of liabilities;
iii. Unanticipated future changes in mortality patterns leading to an increase in the scheme's liabilities. Future mortality rates cannot be predicted with certainty. This is especially so bearing in mind that the youngest scheme members could be expected to still be alive in 60 years or more and it is not possible to reliably predict what medical advances may or may not have occurred by this time;
iv. The potential exercise (by members or others) of options within the scheme, for example taking early retirement or exchanging a portion of pension for a cash lump sum.

(xi) Information about any amendments, curtailments and settlements:
There were no scheme amendments, curtailments or settlements during the reporting year other than that referred to in 6 ii) above, following the closure of the UK scheme to future accruals of benefits.

(xii) Expected future cash flows to and from the scheme:
Following the payment of a lump sum of £21.9m in November 2018, no future contributions are due to be made to the scheme. The scheme's Pension Protection Levies are met by the participating UK companies.

(xiii) The scheme's investment strategy:
The scheme's investment strategy is to invest broadly 25% in return-seeking assets (equities and property) and 75% in liability management assets. This strategy reflects the scheme's liability profile and the Trustees' and Group's attitude to risk. It is possible that the Trustees and the Group will change the proportion allocated to return-seeking assets and to matching assets in the future.

Reconciliation of balance sheet	**2018** **£'000**	2017 £000
Balance at start of year - deficit	-	(3,080)
Profit and loss account	**(673)**	(472)
Re-measurement gain/(loss) in Statement of comprehensive income	**673**	(20,093)
Employer contributions paid by participating companies	-	23,645
Balance at end of year - deficit	-	-

Of the employer contributions above £nil (2017: £21,905,948) was paid by the Company, the balance was paid by other participating companies.

6 Tax on (loss)/profit

Tax(income)/expense included in the profit and loss account	**2018** **£**	2017 £
Current tax		
United Kingdom corporation tax at 19% (2017: 19.25%)	**(1,320,701)**	777,939
Adjustments in respect of prior years	**(923,181)**	(621,897)
Total current tax	**(2,243,882)**	156,042

Tax included in other comprehensive income	**2018** **£**	2017 £
Current tax	**(900,395)**	(1,724,073)
Deferred tax		
Recognition of opening deferred tax asset	**-**	(569,800)
Origination and reversal of timing differences	**900,395**	(2,143,829)
Impact of change in tax rate	**-**	83,526
Total tax credit included in other comprehensive income	**-**	(4,354,176)

The tax assessed for the year differs from (2017: differs from) the standard rate of Corporation tax in the UK. The differences are explained as follows:

	2018 **£**	2017 £
(Loss)/profit before taxation	**(11,113,934)**	139,286
Tax on (loss)/profit before taxation at standard UK Corporation tax rate of 19% (2017: 19.25%)	**(2,111,647)**	26,813
Gain on disposals not taxable	**-**	277,869
Other timing differences	**(127,870)**	-
Net expenses not deductible for tax purposes	**663,076**	473,257
Adjustments in respect of prior years	**(923,181)**	(621,897)
Tax (credit)/charge for the year	**(2,243,882)**	156,042

Potential deferred tax assets of £4.1m (2017: £4.2m) have not been recognised in respect of losses carried forward £4.1m (2017: £4.2m), as it is considered the degree of certainty around the level of future taxable profits is not sufficient to recognise these assets.

On 16 March 2016 the UK Chancellor announced a further reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020 (instead of 18% as previously announced). This change became substantively enacted on 6 September 2016. As such the deferred tax assets and liabilities have been re-measured accordingly.

Notes to the financial statements (continued)
for the year ended 31 December 2018

7 Tangible assets

	Office equipment £
Cost	
At 31 December 2017 and 31 December 2018	**1,363**
Accumulated depreciation	
At 1 January 2018	341
Charge for the year	1,022
At 31 December 2018	**1,363**
Net book value	
At 31 December 2018	**-**
At 31 December 2017	1,022

Notes to the financial statements (continued)

for the year ended 31 December 2018

8 Investments

	Subsidiary undertakings
	£
At 31 December 2017 and 31 December 2018	**395,336,851**

The directors believe that the carrying value of the investments is supported by their underlying net assets. The principal subsidiary undertakings are as follows (* indicates held indirectly):

Subsidiary undertakings	Registered office	% shares held by Company	Principal activity
United Kingdom			
Ball & Young Limited	Oldham Road, Middleton, Manchester M24 2DB, United Kingdom	100%	Cellular foams
British Vita Property (UK) 2 Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Property company
Vita Cellular Foams (UK) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Cellular foams
Vita Industrial (UK) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Administrative services
Vita Liquid Polymers Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Liquid compounds
Vita International Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Parent company
Vita Investments North America Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Parent company
Vita Property Investments Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Parent company
Vita Industrial (Poland) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Inter-group financing company
Vita Industrial (Lithuania) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Inter-group financing company
Vita Lithuania (UK) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Parent company
International			
Metzeler Schaum Inc	8343 Douglas Ave Ste 400 Dallas, TX 75225, USA	*100%	Cellular foams
Vitafoam Inc.	8343 Douglas Ave Ste 400 Dallas, TX 75225, USA	*100%	Nonwoven products
Vita Foam Products (Changshu) Company Limited	No. 55 Dong Zhang Wan He Rd, Changshu Economic & Technology Development Zone, Changshu, China	*100%	Cellular foams
Continental Europe			
Vita (France) SAS	Le Dome – BP 12910, Rue de la Haye, 95731 Roissy CDG Cedex, France	100%	Parent company

Notes to the financial statements (continued)
for the year ended 31 December 2018

8 Investments (continued)

Subsidiary undertakings	Registered office	% shares held by Company	Principal activity
Continental Europe (continued)			
Vita Polymers France SAS	Le Dome – BP 12910, Rue de la Haye, 95731 Roissy CDG Cedex, France	*100%	Parent company
ICOA France SAS	Zone Industrielle 10100 Crancey, France	*100%	Cellular foams
Tramico SAS	Zone Industrielle de l'Europe, 76220 Gournay en Bray, France	*100%	Cellular foams
Vita (Germany) GmbH	Donaustr. 51;87700 Memmingen, Germany	*100%	Parent company
Deutsche Vita Polymere GmbH	Bamberger Strasse 58, 96215 Lichenfels, Germany	*100%	Parent company
Koepp Schaum GmbH	Rheingaustraße 19, 65375 Oestrich-Winkel, Germany	*100%	Cellular foams
Metzeler Schaum GmbH	Donaustr. 51; 87700 Memmingen, Germany	*100%	Cellular foams
Metzeler Schaum Unterstutzungskasse	Donaustr. 51; 87700 Memmingen, Germany	*100%	Cellular foams
Radium Latex GmbH	Triftenstrasse 81, 32791 Lage, Germany	*100%	Cellular foams
Veenendaal Schaumstoffwerk GmbH	Bamberger Strasse 58, 96215 Lichtenfels, Germany	*100%	Cellular foams
Vita (Netherlands) BV	Fort Willemweg 61 6219 PA Maastrict Breda, The Netherlands	100%	Parent company
Vita Interfoam BV	Fort Willemweg 61 6219 PA Maastrict Breda, The Netherlands	*100%	Parent company
Caligen Europe BV	Konijnenberg 59, 4825 BC Breda, The Netherlands	*100%	Cellular foams
Draka Interfoam BV	Van de Endelaan 15 2182 ES Hillegom, The Netherlands	*100%	Cellular foams
Radium Foam BV	Fort Willemweg 61 6219 PA Maastrict Breda, The Netherlands	*100%	Cellular foams
Metzeler Slovakia S.R.O.	Pol'ná 7/4156, Senec 903 01, Slovakia	*100%	Cellular foams
Vita Polymers Poland Sp. z o.o	ul.Sienkiewicza 31/33; 56-120 Brzeg Dolny, Poland	*100%	Cellular foams
Litraco NV	Pater Eudore Devroyestraat, 1040 Etterbeek, Belgium	*100%	Cellular foams
UAB Vita Baltic International	Jurgiskes, LT-62181 Alytus, Lithuania	*100%	Cellular foams
Vitafoam Bulgaria EOOD	Plovdiv 4003, ul.Vasil Levski 172, Bulgaria	*100%	Cellular foams
Vitafoam Magyarorszag KFT	HU-7030 Paks. 8806/2 hrsz, Hungary	*100%	Cellular foams
Vitafoam Romania SRL	545200 Ludus, Str. 1 Mai Nr. 34, Jud. Mures, Romania	*100%	Cellular foams
Vitafoam RS d.o.o. Beograd-Stari Grad	545200 Ludus, Str. 1 Mai Nr. 34, Jud.Mures, Serbia	*100%	Cellular foams
Vitafoam Albania SHPK	Elbasan, Bradashesh, Elbasan-Metalurgjik, Rr. Mozge, zona kadastrale 8526, Albania	*100%	Cellular foams
Vitafoam Croatia d.o.o	Kresimira Blazevica 17, 35000 Slavonski Brod, Croatia	*100%	Cellular foams

Notes to the financial statements (continued)

for the year ended 31 December 2018

9 Debtors

	2018 £	2017 £
Amounts owed by group undertakings (including £nil (2017: £63,114,979) falling due after more than one year)	**2,300,928**	63,806,023
Corporation tax	**2,221,096**	946,134
Other debtors	**360**	8,260
Prepayments	**9,418**	123,577
	4,531,802	64,883,994
Deferred tax asset (see below)	**1,729,708**	2,630,103
	6,261,510	67,514,097

Amounts owed by group undertakings are unsecured and interest is charged on a floating rate basis. The rates are linked to the relevant currency LIBOR (zero floor) (or equivalent) for the currency of each loan, and an appropriate margin is added. Amounts owed by group undertakings are not repayable on demand.

Deferred tax asset (see above)	**Total £**
Balance at 31 December 2017 and 1 January 2018	2,630,103
Origination and reversal of timing differences	(900,395)
Impact of change in tax rate	-
Balance at 31 December 2018	**1,729,708**

The deferred tax asset recognised of £1,729,708 (2017: £2,630,103) relates to post-employment benefits. The net deferred tax asset expected to reverse in 2019 is £900,396. This relates to the reversal of timing differences arising on the deferral of relief on post-employment benefits.

10 Creditors: amounts falling due within one year

	2018 £	2017 £
Amounts owed to group undertakings	**9,060,870**	22,566,041
Other creditors	**84,791**	44,304
Accruals and deferred income	**1,471,513**	573,030
	10,617,174	23,183,375

Amounts owed to group undertakings are interest free and repayable 45 days after the end of the month in which they arose.

Notes to the financial statements (continued)

for the year ended 31 December 2018

11 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Amounts owed to group undertakings	**236,968,429**	277,947,828

Amounts owed to group undertakings are unsecured and interest is charged on a floating rate basis. The rates are linked to the relevant currency LIBOR (zero floor) (or equivalent) for the currency of each loan, and an appropriate margin is added. Amounts owed to group undertakings are not repayable on demand.

12 Called up share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
49,550,681,656,261 (2017: 49,550,681,656,261) 'B' Ordinary shares of £0.0000000000202 each	**1,000**	1,000

Share capital had previously been reported as 4,000 ordinary shares of £0.25 each, however, the actual number of ordinary shares is 49,550,681,656,261 at a value of £0.0000000000202 each. The total value has been correctly reported at £1,000.

13 Profit and loss account

	Profit and loss account
	£
At 1 January 2017	177,964,557
Loss for the financial year	(16,756)
Current and deferred tax	4,354,176
Actuarial loss on pension scheme	(20,093,167)
At 31 December 2017	162,208,810
Loss for the financial year	(8,870,052)
Actuarial gain on pension scheme	673,000
At 31 December 2018	**154,011,758**

Notes to the financial statements (continued)

for the year ended 31 December 2018

14 Operating lease commitments

The Company has future minimum finance lease payments in respect of non-cancellable operating leases expiring as shown:

	Vehicles	
	2018	2017
	£	£
Within one year	**6,207**	6,207
Between one and five years	**11,898**	18,105
	18,105	24,312

15 Related party transactions

The Company has taken advantage of the exemption under paragraph 3(C) from the provisions of IAS 24, 'Related Party Disclosures', from disclosing related party transactions with fellow Group companies on the grounds that throughout the year it was a wholly owned subsidiary of a group headed by the Vita (Lux III) S.àr.l., whose financial statements are publicly available. There were no other related party transactions.

16 Contingent liabilities

The Company has given guarantees to its bankers in respect of advances to certain group undertakings. The directors are of the opinion that no liability is likely to arise on the part of the Company in respect of these guarantees.

17 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Vita (Holdings) Limited.

Vita (Lux III) S.àr.l. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements may be obtained from 15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg.

The Company's ultimate controlling party is Strategic Value Partners (SVP), a partnership located in the Cayman Islands. The ultimate parent company is Vita Global Holdings Limited.