Vita Industrial (UK) Limited
Annual report and financial statements
for the year ended 31 December 2018

Registered number 1031815

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Contents

Vita Industrial (UK) Limited

Directors and advisors for the year ended 31 December 2018

Directors
Mr J Cheele
Mr C Josephs
Mr D Round
Mr D O'Riordan

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

Registered office
Oldham Road
Middleton
Manchester
M24 2DB

Registered number
1031815

Vita Industrial (UK) Limited

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 continued to be the provision of general services to Group (Vita (Lux III) S.àr.l. and its subsidiary companies) undertakings.

Business review
Results for the year ended 31 December 2018 were in line with expectations. Turnover of the Company of £6,815,536 for the financial year (2017: £4,596,336) relates to management charges. The loss for the financial year was £4,782,931 (2017: £4,692,738). At the year end the Company had net assets of £86,666,588 (2017: £91,449,519).

In 2018, the Company incurred exceptional expenses of £2,552,275 relating to restructuring and reorganisation (2017: £117,945), £181,678 relating to commercial claims (2017: £204,002) and £nil relating to the liquidation of subsidiaries (2017: £891,104 relating to the liquidation of Pathway Holdings Limited, offset by a distribution in specie of $2,345,855).

In 2018, the Company has incurred £405,463 foreign currency losses (2017: £29,603) on the retranslation of inter-company loans.

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 Vita (Lux III) S.àr.l. and its subsidiary companies) 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 Company in some way, including but not limited to the following:

- 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.

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.

Financial risk management (continued)
At the year end the Company had several foreign currency forward contracts in place, in a variety of currencies, with external financial institutions. The fair value of these contracts at 31 December 2018 was an asset of £15,526 and a liability of £19,892 (2017: an asset of £374,002 and a liability of £263,465).

The Company also had several currency forward contracts in place with fellow Group companies. These were also in a variety of currencies and at 31 December 2018 the fair value of these contracts was an asset of £97,259 and a liability of £nil (2017: asset of £220,960 and a liability of £194,405). These values are included in amounts owed by and to group undertakings, respectively (see notes 9 and 10).

The Company 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 three 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

Daniel O'Riordan

Mr D O'Riordan
Director
5 April 2019

Vita Industrial (UK) Limited

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
Charitable contributions amounting to £nil (2017: £nil) were made by the Company during the year. No political donations (2017: £nil) were made by the Company during the year.

Future developments
The Company is expected to continue to provide general services to Group undertakings.

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. 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 are as follows:

Mr J Cheele (resigned 31 December 2018)
Mr C Josephs
Mr D Round
Mr D O'Riordan
Mr I W Robb (appointed 7 January 2019)

Financial risk management
Financial risk management is described in the Strategic report on pages 2 and 3.

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' 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 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. 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.

Statement of 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 been appointed in the period and 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

David O'Riordan

Mr D O'Riordan
Director
5 April 2019

Vita Industrial (UK) Limited

Independent auditors' report to the members of Vita Industrial (UK) Limited

Report on the audit of the financial statements

Opinion
In our opinion, Vita Industrial (UK) Limited'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 for the year ended 31 December 2018; the statement of changes in equity for the year ended 31 December 2018, 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 Industrial (UK) Limited (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
5 April 2019

Vita Industrial (UK) Limited

Profit and loss account for the year ended 31 December 2018

	Note	2018	2017
		£	£
Turnover		**6,815,536**	4,596,336
Administrative expenses before exceptional items		**(7,899,262)**	(5,661,672)
Exceptional item – restructuring and commercial claims	1	**(2,733,953)**	(321,947)
Exceptional item – amounts written off investments	1	**-**	(891,104)
Administrative expense		**(10,633,215)**	(6,874,723)
Operating loss	1	**(3,817,679)**	(2,278,387)
Income from fixed asset investments	8	**-**	1,885,274
Loss before interest and taxation		**(3,817,679)**	(393,113)
Interest receivable and similar income	2	**3,198,070**	2,267,858
Interest payable and similar expenses	3	**(5,125,394)**	(7,169,201)
Loss before taxation		**(5,745,003)**	(5,294,456)
Tax credit on loss	5	**962,072**	601,718
Loss for the financial year	14	**(4,782,931)**	(4,692,738)

All results are generated from continuing operations.

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

The Company incurred no other comprehensive income other than that recognised in the Profit and loss account above in either the current or prior year, and therefore no separate Statement of comprehensive income has been presented.

Vita Industrial (UK) Limited

Balance sheet as at 31 December 2018

	Note	2018	2017
		£	£
Fixed assets			
Intangible assets	6	**101,058**	147,338
Tangible assets	7	**319,601**	385,905
Investments	8	**57,672,162**	57,672,162
		58,092,821	58,205,405
Current assets			
Debtors (includes £89,976,393 (2017: £419,009,126) due after more than one year)	9	**95,301,893**	434,767,398
Cash at bank and in hand		**468**	15,426,684
		95,302,361	450,194,082
Creditors: amounts falling due within one year	10	**(10,374,335)**	(33,892,371)
Net current assets		**84,928,026**	416,301,711
Total assets less current liabilities		**143,020,847**	474,507,116
Creditors: amounts falling due after more than one year	11	**(56,151,259)**	(382,854,597)
Provisions for liabilities	12	**(203,000)**	(203,000)
Net assets		**86,666,588**	91,449,519
Capital and reserves			
Called up share capital	13	**1,000**	1,000
Profit and loss account	14	**86,665,588**	91,448,519
Total shareholder's funds		**86,666,588**	91,449,519

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

The financial statements on pages 8 to 25 were approved by the board of directors on 5 April 2019 and were signed on its behalf by:

David O'Riordan

Mr D O'Riordan
Director
5 April 2019

Vita Industrial (UK) Limited
Registered number
1031815

Vita Industrial (UK) Limited

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	96,141,257	**96,142,257**
Loss for the financial year and total comprehensive expense for the financial year	-	(4,692,738)	**(4,692,738)**
At 31 December 2017	1,000	91,448,519	**91,449,519**
Loss for the financial year and total comprehensive expense for the financial year	-	(4,782,931)	**(4,782,931)**
At 31 December 2018	**1,000**	**86,665,588**	**86,666,588**

Vita Industrial (UK) Limited

Accounting policies

Authorisation of financial statements and statement of compliance with FRS 101
The financial statements of Vita Industrial (UK) Limited for the year ended 31 December 2018 were authorised for issue by the board of directors on 5 April 2019 and the balance sheet was signed on behalf of the board by Mr D O'Riordan. Vita Industrial (UK) Limited is a private limited 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 results of Vita Industrial (UK) Limited are included in the consolidated financial statements of Vita (Lux III) S.àr.l., a company incorporated in Luxembourg. Copies of their financial statements can be obtained from Vita (Lux III) S.àr.l., 15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg.

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, under the historic cost modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss, as stated in the accounting policies.

The Company is a qualifying entity for the purposes of FRS 101. Note 18 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:

- The company is a wholly-owned subsidiary of Vita (Lux III) S.à r.l. and is included in the consolidated financial statements of Vita (Lux III) S.à r.l., which are publicly available. 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.
- 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 accounts estimates have been made in the following areas when preparing the Group's financial statements:

i) Derivative financial instruments are initially recognised at fair value on the date that a derivative contract is entered into, and they are subsequently re-measured to their fair value at the end of each reporting period. Changes in the fair value are recognised in the Income statement as they arise. The financial instruments are carried at fair value, by valuation method.
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 services. 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 is its current intention not to call down its receivable balance with the Company, so that the Company can continue to operate on a going concern basis for at least twelve months from 5 April 2019.

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"
- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions
- IFRS 9 'Financial instruments'
- IFRS 15 'Revenue from contracts with customers'
- 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'
- Amendments to IAS19 'plan amendment, curtailment or settlement'

There is not expected to be a material impact to the Company when adopting these new and amended IFRSs.

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

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 profit/(loss).

Intangible assets
Patents and trademarks and computer software are included at cost and amortised in equal annual instalments over a period of five years, which is their estimated useful economic life. Provision is made for any impairment.

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%

Vita Industrial (UK) Limited

Accounting policies (continued)

Pension costs
During the year the Company participated in one defined benefit group pension scheme participated in by Vita (Group) Unlimited and one defined contribution scheme. Pension costs are accounted for as if both the schemes were defined contribution schemes, under International Accounting Standard (IAS) 19R "Retirement Benefits", as the Company is not the sponsoring entity in respect of the defined benefit scheme.

Interest receivable
Interest income is recognised in the Profit and loss account on an accruals basis.

Interest payable
Interest expense is recognised in the Profit and loss account on a paid or on an accruals basis.

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 periods 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.

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.

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.

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.

Provisions
A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly.

The Company is exposed to environmental liabilities relating to its operations. Provisions are made immediately where a constructive or legal obligation is identified, can be quantified and it is regarded as more likely than not that an outflow of resources will be required to settle the obligation.

Vita Industrial (UK) Limited

Accounting policies (continued)

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.

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.

Vita Industrial (UK) Limited

Accounting policies (continued)

Financial assets (continued)

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.

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.

Vita Industrial (UK) Limited

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

1 Operating loss

Operating loss is stated after charging:	**2018** **£**	2017 £
Staff costs (note 4)	**4,026,053**	2,645,304
Depreciation of tangible fixed assets:		
- owned assets	**204,752**	2,732
Amortisation of intangible assets	**46,280**	11,471
Net exceptional expense	**2,733,953**	1,213,051
Expense from foreign exchange movements	**405,463**	29,603
Operating lease rentals:		
- property	**56,955**	157,419
- plant and machinery	**8,238**	10,757
Services provided by the Company's auditors:		
- fees payable for statutory audit services	**294,568**	253,745
- fees payable for tax services	**-**	70,175
- fees payable for other services	**46,253**	6,544

In 2018, the Company incurred exceptional expenses of £2,552,275 relating to restructuring and reorganisation (2017: £117,945), £181,678 relating to commercial claims (2017: £204,002) and £nil relating to the liquidation of subsidiaries (2017: £891,104 relating to the liquidation of Pathway Holdings Limited, offset by a distribution in specie of $2,345,855).

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

2 Interest receivable and similar income

	2018 £	2017 £
Amounts receivable from group undertakings	**3,198,043**	2,267,674
Bank Interest	**27**	184
	3,198,070	2,267,858

3 Interest payable and similar expenses

	2018 £	2017 £
Amounts payable to group undertakings	**5,103,513**	7,157,416
Bank	**1,006**	-
Other	**20,875**	11,785
	5,125,394	7,169,201

Other interest relates to agency and guarantee fees.

4 Directors and employees

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

	2018 £	2017 £
Wages and salaries	**3,401,072**	2,174,760
Social security costs	**357,996**	190,475
Other pensions costs (see note 16)	**266,985**	280,069
	4,026,053	2,645,304

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

	2018 Number	2017 Number
By activity		
Administration	**34**	29

Directors' remuneration

No directors (2017: one) received emoluments for their services to the Company in the financial year.

	2018 £	2017 £
Total amount of emoluments	-	90,103
Value of company contributions to the defined contribution scheme	-	6,668

The number of directors who accrued benefits under group pension schemes during the year was none (2017: one). Other directors received emoluments from fellow group undertakings.

Highest paid director

	2018 £	2017 £
Total amount of emoluments	-	90,103
Value of company contributions to the defined contribution scheme	-	6,668

5 Tax on loss

	2018 £	2017 £
Current year		
United Kingdom corporation tax at 19% (2017: 19.25%)	**(928,242)**	(1,022,076)
Withholding tax	**9,204**	-
Adjustments in respect of prior years	**(43,034)**	420,358
Tax on loss	**(962,072)**	(601,718)

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

	2018 £	2017 £
Loss before taxation	**(5,745,003)**	(5,294,456)
Tax on loss at effective UK Corporation tax rate of 19% (2017: 19.25%)	**(1,091,551)**	(1,019,183)
Gain on disposals not taxable	-	(362,915)
Expenses not deductible for tax purposes	**122,394**	422,529
Capital allowances less than/(in excess of) depreciation	**9,969**	(25,194)
Withholding tax	**9,204**	-
Other- timing differences	**30,946**	(37,313)
Adjustments in respect of prior years	**(43,034)**	420,358
Tax credit for the year	**(962,072)**	(601,718)

Potential deferred tax assets of £221,349 (2017: £79,340) have not been recognised in respect of losses, fixed asset timing differences and other timing differences, as it is considered the degree of certainty around the future 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.

6 Intangible assets

	Software £
Cost	
At 1 January 2018 and 31 December 2018	**162,230**
Accumulated amortisation	
At 1 January 2017	3,421
Charge for the year	11,471
At 31 December 2017	14,892
Charge for the year	46,280
At 31 December 2018	**61,172**
Net book value	
At 31 December 2018	**101,058**
At 31 December 2017	147,338

Amortisation of intangible assets in 2018 and 2017 was charged to administrative expenses.

7 Tangible assets

	Office equipment **£**
Cost	
At 1 January 2017	1,362,995
Additions	378,824
At 31 December 2017	1,741,819
Additions	138,448
Disposals	(46,700)
At 31 December 2018	**1,833,567**
Accumulated depreciation	
At 1 January 2017	1,353,182
Charge for the year	2,732
At 31 December 2017	1,355,914
Charge for the year	204,752
Disposals	(46,700)
At 31 December 2018	**1,513,966**
Net book value	
At 31 December 2018	**319,601**
At 31 December 2017	385,905

8 Investments

	£
At 1 January 2017	58,563,266
Disposals	(891,104)
At 31 December 2017 and 31 December 2018	**57,672,162**

Pathway Holdings Limited was liquidated on 3 March 2017. A distribution in specie of £1,885,274 (USD 2,345,855, at $11,729 per share of 200 ordinary shares of $1 each), was declared to the Company and settled through the inter-company loan.

The investments held at the end of 2018 are as follows:

Subsidiary undertakings	Registered address	% shares held by Company	Principal activities
Metzeler Slovakia S.R.O.	Pol'ná 7/4156, Senec 903 01, Slovakia	0.0248%	Cellular foam products
Vitafoam Romania S.R.L	545200 Ludus, Str. 1 Mai Nr. 34, Jud. Mures, Romania	55.41%	Cellular foam products
Litraco NV	Pater Eudore Devroyestraat, 1040 Etterbeek, Belgium	0.08%	Dormant
Vita Industrial (Poland) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Administrative services
Vita Industrial (Lithuania) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Administrative services

9 Debtors

	2018 £	2017 £
Amounts owed by group undertakings (includes £89,976,393 (2017: £419,009,126) due after more than one year)	**93,428,452**	432,915,345
Corporation tax	**928,242**	1,022,076
Other debtors	**319,298**	30,649
Derivative financial asset	**15,526**	374,002
Prepayments and accrued income	**610,375**	425,326
	95,301,893	434,767,398

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 for each loan, and an appropriate margin is added. Amounts owed by group undertakings are not repayable on demand.

10 Creditors: amounts falling due within one year

	2018 £	2017 £
Overdrafts	-	6,324,334
Trade creditors	**103,038**	227,110
Amounts owed to group undertakings	**7,479,174**	24,868,779
Other taxation and social security	**170,339**	142,771
Other creditors	**142,903**	266,813
Derivative financial liability	**19,892**	263,465
Accruals and deferred income	**2,458,989**	1,799,099
	10,374,335	33,892,371

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	**55,908,597**	382,592,812
Other creditors	**242,662**	261,785
	56,151,259	382,854,597

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 for each loan, and an appropriate margin is added. Amounts owed to group undertakings are not repayable on demand.

12 Provisions for liabilities

	Restructuring costs £
At 1 January 2018 and 31 December 2018	**203,000**

The provision is in respect of property related items. The provision is expected to be utilised within the next three years.

13 Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
11,212,301,294,275 ordinary shares of £0.0000000000892 each	**1,000**	1,000

Share capital had previously been reported as 1,000 ordinary shares of £1 each, however, the ordinary shares number 11,212,301,294,275 at a value of £0.0000000000892 each. The total value has been correctly reported at £1,000.

14 Reserves

	Profit and loss account £
At 1 January 2017	96,141,257
Loss for the financial year	(4,692,738)
At 31 December 2017	**91,448,519**
Loss for the financial year	(4,782,931)
At 31 December 2018	**86,665,588**

15 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.

16 Pension arrangements

The Company participated in one defined benefit scheme and one defined contribution scheme in 2018. The defined benefit scheme, accounted for by the Company's immediate parent undertaking, Vita (Group) Unlimited, continued to operate for existing members until 20 November 2015 when it was closed to future accrual of benefits and the members were invited to join the defined contribution scheme.

The preliminary 31 March 2018 actuarial valuation of the defined benefit scheme 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 defined benefit scheme was in surplus at the start of the year and at the end of the year. As the scheme is closed to new entrants then there is a restriction to the surplus that is recognised in the balance sheet. In addition, Vita (Group) Unlimited 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.

The defined benefit scheme at 31 December 2018 had a surplus of £85.5m (2017: £82.2m) excluding deferred tax. The pension charge for the Company for the year was £nil (2017: £151,828).

The pension charge for the year for the defined contribution scheme was £266,985 (2017: £128,241).

17 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.

18 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Vita (Group) Unlimited.

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.