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VITA INTERNATIONAL LIMITED

ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1983



VITA INTERNATIONAL LIMITED

DIRECTORS' REPORT

The Directors submit their Report and Accounts for the year ended 31 December 1983.

The Company is a wholly-owned subsidiary of British Vita PLC and holds, either directly or through other subsidiaries, the issued share capitals of the following Companies:-

<u>Name</u>	<u>Principal Activity</u>	<u>Shareholding</u> <u>%</u>
Australia Vita Pty Limited	Investment Company	100
Caligen Europe B.V.	Cellular Foam Products	100
Furniture Corporation of Zambia Limited	Furniture, Mattresses and Retailing	95
Libeltex N.V.	Fibre Processing	100
Limatex N.V.	Non-Trading	100
Metrans N.V.	Haulage Contracting	100
Vita Polymers Europe B.V.	Holding Company	100
Vitafoam Europe B.V.	Holding Company	100
Vitafoam Kenya Limited	Cellular Foam Products	75
Vitafoam Zambia Limited	Cellular Foam Products and Fabric Coating	95

The principal associated companies held directly or indirectly by Vita International Limited are listed below -

<u>Name and Country of incorporation and principal operation</u>	<u>Total</u> <u>000's</u>	<u>Company</u> <u>Interest</u> <u>%</u>
Vita Cortex Holdings Limited Ireland	18529	50.0
Vitavanu Oy Finland	Fml, 500	33.3
Vita Pacific Limited Australia	A\$3,000	40.0
Vitafoam Barbados Limited Barbados	B\$75	50.0
Vitafoam Products Canada Limited Canada	C\$20	50.0
Taki Vita SAE Egypt	E£2,000	40.0
PT Vitafoam Indonesia Indonesia	Rp273,900	33.5
Vita Colourfoam Japan Limited Japan	¥63,000	20.0
Vitafoam Nigeria Limited Nigeria	N18,200	20.0
Vitafoam Trinidad Limited Trinidad	TT\$300	40.0

Notes

1. Vita Pacific Limited holds 25% of Vita Colourfoam Japan Limited and 24.9% of Vita New Zealand Limited.
Excluded from Company interest % in table above.
2. Vita International Limited also holds 50% of the C\$180,000 preference shares of Vitafoam Products Canada Limited.
3. Vitafoam Nigeria Limited is listed on the Nigerian Stock Exchange.

DIRECTORS' REPORT (CONTINUED)

Results

The profit after taxation for the year was £942,367 and there was an extraordinary charge of £40,858.

An ordinary dividend of £100,000 has been paid to the Holding Company in respect of the year, together with a preference dividend of £3,447 leaving a retained profit for the year of £798,062 which when added to the retained profit brought forward of £238,874 leaves a balance carried forward of £1,036,936.

Activity

The principal activity of the Company is the servicing of all overseas interests of the British Vita Group.

Directors

1. The Directors of the Company at 31 December 1983 were:-

Mr. R. McGee
Mr. F.A. Parker
Mr. G. Blunt
Mr. F.J. Eaton
Mr. N.M. Grimshaw
Mr. W.E. Holt
Mr. A.G.C. Hunt
Mr. L. D. Lawton
Mr. J.H. Ogden
Mr. T. Richardson
Mr. R.H. Sellers
Mr. G. Szalmuk (Australia)

No other persons have been Directors of the Company during the year.

2. Under the Company's Articles of Association, the Directors do not retire by rotation at the Annual General Meeting.
3. The interests, including family interests, in the shares of the Holding Company of persons who were Directors of the Company, at 31 December 1983, but who were not also Directors of the Holding Company were as follows:

(a) Ordinary Shares -

	At <u>31 December 1983</u>	At <u>31 December 1982</u>
A.G.C. Hunt	10,005	10,752
G. Szalmuk	Nil	Nil
(b) Options (adjusted for relevant capitalisation issues and the rights issue made by the Holding Company in September 1980) -		

	At <u>31 December 1983</u>	At <u>31 December 1982</u>
A.G.C. Hunt	6,629	9,017

VITA INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

4. The interests of the remaining Directors of the Company in the shares of the Holding Company are shown in the Consolidated Accounts of the Holding Company.
5. No Directors were interested at any time during the year in the shares of the Company or in any of the Debentures of the Holding Company.

Auditors

A resolution proposing the re-appointment of Arthur Andersen & Co. as Auditors of the Company will be put to the Annual General Meeting.

9 MARCH 1984

Soudan Street
Middleton
Manchester

By Order of the Board



W.E. HOLT
SECRETARY

To the Members of Vita International Limited

We have audited the accounts set out on pages 5 to 11 in accordance with Approved Auditing Standards.

In our opinion the accounts, which have been prepared on the historical cost basis, give a true and fair view of the state of affairs of the Company at 31 December 1983 and of the profit and source and application of funds for the year then ended, and comply with the Companies Acts 1948 to 1981.

Arthur Rae

9 March 1984

VITA INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1983

	<u>Note</u>	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
Turnover -			
External	2	413,757	340,948
Inter Company		118,136	69,498
		<u>536,893</u>	<u>410,446</u>
Administration and selling costs		(641,866)	(409,248)
Operating profit/(loss)		(104,973)	1,198
Dividends		1,150,612	1,185,994
Profit before interest		<u>1,045,639</u>	<u>1,187,192</u>
Interest -			
Payable		(34,836)	(59,795)
Received		31,996	13,702
Profit on ordinary activities before taxation	3	<u>1,042,799</u>	<u>1,141,099</u>
Taxation	4	(100,432)	(166,342)
Profit on ordinary activities after taxation		<u>942,367</u>	<u>974,757</u>
Extraordinary items	5	(40,858)	34,321
Dividends		(103,447)	(1,427,447)
Retained Profit/(Loss) for the year		<u>798,062</u>	<u>(418,369)</u>
Retained Profit, brought forward		<u>238,874</u>	<u>657,243</u>
Retained Profit, carried forward		<u><u>1,036,936</u></u>	<u><u>238,874</u></u>

The accompanying notes form an integral part of these accounts.

VITA INTERNATIONAL LIMITED
BALANCE SHEET AT 31 DECEMBER 1983

	<u>Note</u>	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
FIXED ASSETS			
Investments	6	<u>3,432,253</u>	<u>3,341,961</u>
CURRENT ASSETS			
Debtors	7	2,070,300	1,825,480
Cash at bank and in hand	8	<u>1,469,552</u>	<u>1,176,509</u>
		3,539,852	3,001,989
CREDITORS -			
Amounts falling due within one year -	9	<u>(5,207,507)</u>	<u>(5,377,414)</u>
NET CURRENT LIABILITIES		<u>(1,667,655)</u>	<u>(2,375,425)</u>
NET ASSETS		<u>1,764,598</u>	<u>966,536</u>
CAPITAL AND RESERVES			
Called-up share capital	10	713,567	713,567
Share premium account		2,070	2,070
Other reserves - Capital Redemption Reserve Fund		12,025	12,025
Profit and loss account		<u>1,036,936</u>	<u>238,874</u>
CAPITAL EMPLOYED		<u>1,764,598</u>	<u>966,536</u>

R. McGee)
R.H. Sellers)

Directors

9 MARCH 1984

The accompanying notes form an integral part of these accounts.

VITA INTERNATIONAL LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 DECEMBER 1983

	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	1,042,799	1,141,099
Extraordinary item	(40,858)	34,321
Item not involving the Movement of Funds:		
Exchange adjustments	(9,931)	(20,624)
Profit on sale of Associated Company	-	(49,031)
Funds from other sources:		
Loan repayments from associated companies	60,554	144,636
Proceeds of sale of associated companies	-	55,798
	<u>1,052,564</u>	<u>1,306,199</u>
APPLICATION OF FUNDS		
Investments in associated companies	(140,915)	(5,035)
Dividends paid	(103,447)	(1,427,447)
Taxation paid	(100,432)	(166,342)
Repayment of bank loan	-	(261,400)
	<u>(344,794)</u>	<u>(1,860,224)</u>
WORKING CAPITAL MOVEMENTS		
(Increase)/decrease in debtors	52,020	499,055
Increase/(decrease) in creditors	(17,867)	(57,567)
Increase/(decrease) in indebtedness with Group Companies	(331,261)	267,351
	<u>(297,108)</u>	<u>708,839</u>
	<u>410,662</u>	<u>154,814</u>
Opening cash and bank balances	875,295	720,481
Closing cash and bank balances	<u>1,285,957</u>	<u>875,295</u>
	<u>410,662</u>	<u>154,814</u>

The accompanying notes form an integral part of these accounts.

VITA INTERNATIONAL LIMITED

NOTES TO ACCOUNTS - 31 DECEMBER 1983

1. ACCOUNTING POLICIES

The accounts have been prepared on the historical cost basis. The new format complies with the provisions of the Companies Act 1981 and comparative figures have been restated accordingly. The principal accounting policies are:-

(a) Turnover

Turnover represents the net amounts charged to external customers, but excludes value added tax.

(b) Foreign Currencies

These are translated at the rates of exchange at the year end. Exchange differences arising from the translation of the foreign currency balances and realised gains and losses on net foreign currency borrowings are dealt with through the Profit and Loss Account.

(c) Investments

Investments in Subsidiary Companies are stated at cost as adjusted for distributable reserves capitalised by certain subsidiaries.

Investments in Associated Companies are stated at cost.

(d) Dividend Income

Dividends from Overseas Companies comprise all dividends approved by the Directors of these Companies applicable to the year 1983.

(e) Taxation

U.K. Taxation is provided on taxable profits at the current rate of corporation tax after adjusting for double taxation relief in respect of Overseas Taxation.

2. ANALYSIS OF EXTERNAL TURNOVER

By Geographical area	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
U.K.	68,774	100,723
Other European Countries	83,354	153,665
Rest of World	266,629	86,560
	<u>418,757</u>	<u>340,948</u>

VITA INTERNATIONAL LIMITED

NOTES TO ACCOUNTS - 31 DECEMBER 1983 (CONTINUED)

	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
3. <u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		
Profit on ordinary activities before taxation is arrived at after charging:-		
Auditors' Remuneration	12,000	11,500
	<u>12,000</u>	<u>11,500</u>
4. <u>TAXATION</u>		
The taxation charge comprises -		
Corporation tax on the taxable profits for the year @ 52%	942,000	1,224,943
Double taxation relief	(942,000)	(1,073,653)
Overseas taxation	100,432	95,052
Overprovision in previous year	-	(80,000)
	<u>100,432</u>	<u>166,342</u>
5. <u>EXTRAORDINARY ITEM</u>		
The extraordinary item relates to a provision against unremitted dividends from an overseas associated company.		
6. <u>INVESTMENTS</u>		
Investments comprise -		
Subsidiary Companies at cost plus capitalised reserves	2,101,163	2,101,163
Associated Companies		
(a) Unlisted investments - Directors' valuation £3,485,000 (1982 - £3,150,000)	1,030,949	1,030,949
(b) Listed investment - Lagos stock exchange market value £2,184,000 (1982 - £2,496,000)	20,000	20,000
(c) Loans	280,141	189,849
	<u>3,432,253</u>	<u>3,341,961</u>

VITA INTERNATIONAL LIMITED

NOTES TO ACCOUNTS - 31 DECEMBER 1983 (CONTINUED)

7. DEBTORS

Amounts falling due within one year -	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
Amounts owed by group companies	1,067,345	770,505
Amounts owed by associated companies	918,609	928,374
Other debtors	84,111	125,479
Prepayments	235	1,122
	<u>2,070,300</u>	<u>1,825,480</u>

8. CASH AT BANK AND IN HAND

Cash at Zambian banks awaiting remittance approval	1,252,486	1,089,735
Cash and bank balances	217,066	86,774
	<u>1,469,552</u>	<u>1,176,509</u>

9. CREDITORS

Amounts falling due within one year -		
Bank overdraft - unsecured	183,595	301,214
Amounts owed to group companies	4,982,409	5,016,830
Amounts owed to associated companies	3,800	14,174
Other creditors	32,653	13,655
Accruals	5,050	31,541
	<u>5,207,507</u>	<u>5,377,414</u>

10. SHARE CAPITAL

Share capital at 31 December 1982 and 1983 comprised -

	<u>Authorised</u> <u>£</u>	<u>Issued and fully paid</u> <u>£</u>
6% Cumulative preference shares of £1 each	60,000	57,450
6% Redeemable cumulative preference shares of £1 each (less £12,025 redeemed to date)	100,000	33,104
Ordinary shares of £1 each	640,000	623,013
	<u>800,000</u>	<u>713,567</u>

The 6% Redeemable Cumulative Preference Shares which were due to be redeemed by 1970 are owned by the Holding Company, British Vita PLC; no further redemption of these shares is contemplated.

VITA INTERNATIONAL LIMITED

NOTES TO ACCOUNTS - 31 DECEMBER 1983 (CONTINUED)

11. GUARANTEE

The Company has guaranteed the indebtedness of the Holding Company and certain of its United Kingdom subsidiaries to National Westminster Bank PLC and certain of its subsidiaries and N.M. Rothschild and Sons Limited.

12. CONTINGENT LIABILITY

The Company has by Deed charged its Assets as collateral security for the issue of Debenture Stock 1987/92 and 1990/95 by its Holding Company. At 31 December 1983 the amount of stock issued and outstanding was £1,235,000 (1982 - £1,413,000)

13. ULTIMATE HOLDING COMPANY

The Company is a wholly-owned subsidiary of British Vita PLC a company incorporated in England.

VITA INTERNATIONAL LIMITED

TRADING ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1983

	<u>£</u>	<u>1983</u>	<u>£</u>	<u>£</u>	<u>1982</u>	<u>£</u>
<u>DIVIDENDS</u>						
					1,150,612	1,185,994
<u>TURNOVER</u>						
Commissions	417,697				340,087	
Royalties	1,060				861	
Export Services	37,476				13,601	
Group Management Charges	78,400				48,400	
Sundry Income	2,260				7,497	
					<u>536,893</u>	<u>410,446</u>
<u>ADMINISTRATION AND SELLING COSTS</u>						
Overseas Travelling	95,587				66,246	
Sundry Expenses	32,911				37,953	
Bank Charges	850				435	
Computer Charges	500				-	
Legal and Professional Charges	6,760				2,778	
Auditors' Remuneration	12,000				11,500	
Group Management Charges	225,000				264,500	
Currency Exchange Adjustments	325,577				88,305	
Provision against Overseas Balance	42,806				-	
Salaries	5,275				3,602	
Profit on sale of Associated Company	(50,000)				-	
Licence Fees	(5,034)				-	
Management Charges	(42,362)				(37,382)	
Sundry Income	(8,004)				(28,689)	
					<u>(641,866)</u>	<u>(409,248)</u>
<u>INTEREST</u>						
Payable	34,836				59,795	
Received	(31,996)				(13,702)	
					<u>(2,840)</u>	<u>(46,093)</u>
<u>PROFIT BEFORE TAXATION</u>					<u>1,042,799</u>	<u>1,141,099</u>