Ball & Young Limited

Annual report and financial statements

for the year ended 31 December 2020

Registered number 901282

Ball & Young Limited
Annual report and financial statements
for the year ended 31 December 2020

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Ball & Young Limited

Directors and advisers for the year ended 31 December 2020

Directors
Mr G Davids
Mr D O'Riordan
Ms A Shaw
Mr T Thorp
Mr I W Robb
Mr M O Shafi Khan

Secretary
Vita Industrial (UK) Limited

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

Registered office
Oldham Road
Middleton
Manchester
M24 2DB

Registered number
901282

Ball & Young Limited

Strategic report for the year ended 31 December 2020

The directors present their Strategic report on the Company for the year ended 31 December 2020.

Principal activities
The principal activity of the Company during the year was the manufacture of rubber and polyurethane underlay for the flooring industry.

Business review
It was a year of two halves, as the Company responded effectively and responsibly to the Covid 19 pandemic in the first half and supported its employees, customers and suppliers, as the UK met the challenges of the pandemic. The second half of 2020 saw retail customers open for business with strong sales as consumer spend increased on refurbishment projects.

The Company is passionate about the Cloud 9 brand, the brand customers can trust with over 25 years of sustainability and innovation.

The operating profit for the financial year was £7,744,962 (2019: £8,936,683). The profit for the financial year was £7,653,584 (2019: £8,730,731) with turnover of £30,357,295 (2019: £36,649,002).

At the year end the Company had net assets of £76,901,583 (2019: £69,287,038).

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 Global Finco Limited 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. The directors are mindful of the risks and uncertainties facing the Company and have implemented controls that aim to mitigate or reduce these risks. Review of internal controls and identification of key risk areas is ongoing and a live process.

Competitive pressure in the trading subsidiary undertakings, both within the UK and overseas, is a continuing risk for the Company. The Company manages this risk by providing differentiated and value-added products and solutions to its customers. The Company has no significant reliance on any single customer.

Recession: this risk could come about through changes in global macro conditions, such as the impact of the COVID-19 virus pandemic. The Company is partly dependent on the financial performance of the Group, as the Company has a large loan receivable balance from a fellow Group undertaking. The Group's trading history shows that, while there may be impacts in the short-term, demand for the Group's products has in the past bounced back relatively quickly, especially as the Group is exposed to a wide range of end markets. In addition, the Group, through enhanced management reporting and tracking, is better positioned than ever to be able to flex and control costs to offset the impacts of recessions. Large scale and vertically integrated market participants, such as the Group, generally come out of recessionary periods better than smaller scale, less diversified players.

COVID-19: the impact of the coronavirus continues to create potential business risks, which the Group is managing. Risks to workforce safety are managed by a rigorous focus on SHE policies and by following government guidance on hygiene practices and social distancing. Normal business operations have resumed across the Group, but liquidity risks that may arise from interruption due to the pandemic are managed through the preparation of monthly cash forecasts and liquidity models, which provide management with a medium-term view of business cash requirements. Risks to raw material supply are managed through proactive relationships and integrated logistics planning with key suppliers, in order to maintain access to material supply, and integrated logistics planning.

From a Group perspective, recessionary impacts are managed through strategic planning, which ensures that investments are made across multiple business segments to diversify risk, whilst focusing on opportunities that may arise from the pandemic, such as in medical or hygiene applications. These risks are managed through close and highly frequent interactions of Group, Divisional and local teams to share information and execute actions quickly and efficiently.

Ball & Young Limited

Strategic report for the year ended 31 December 2020 (continued)

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.

At the year end the Company had two foreign currency forward contracts (2019: two) in place with a fellow Group company. The fair value of these contracts at 31 December 2020 was an asset of £7,788 and a liability of £3,610 (2019: asset of £1,598). These values are included in amounts owed by and to Group undertakings, respectively (see notes 10 and 11).

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 and Group focuses are:

- Value Added Margin (MOP = Margin over polymer)
- EBITDA
- Working Capital
- Operating Cash Flow

The four 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 - the index of Lost Time Accidents (LTAs) per one hundred thousand hours worked is measured monthly at all businesses. The ultimate goal is to achieve zero reported LTA's
- Environment - no prohibition/improvement/non-compliance notices issued on the Company
- Compliance - 100% completion for online compliance training courses

On behalf of the board

David O'Riordan

Mr D O'Riordan
Director
14 September 2021

Ball & Young Limited

Directors' report for the year ended 31 December 2020

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

Political and charitable contributions
No political or charitable donations were made by the Company during the current year (2019: charitable donation of £100).

Future developments
The Company continues to pursue its strategy of growth through new routes into export markets. The Company brings a wealth of experience in carpet underlays, including the leading brand Cloud 9.

Dividends
The directors have not paid and do not propose a dividend in respect of the year ended 31 December 2020 (2019: £nil).

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

Mr G Davids
Mr D O'Riordan
Ms A Shaw
Mr T Thorp
Mr I W Robb
Mr M O Shafi Khan

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.

Going concern
The Company has received written confirmation from Vita Treasury Limited, a fellow group undertaking, that it is its current intention to provide its support to the Company, in order for the Company to continue to operate on a going concern basis. 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.

Financial risk management
Financial risk management is described in the Strategic report on page 3.

Creditor payment policy
The Company does not follow a universal code which deals specifically with payments to suppliers but, where appropriate, the Company's practice is to:

(a) agree the terms of payment at the start of business with the supplier;
(b) ensure that those suppliers are made aware of the terms of payment;
(c) pay in accordance with its contractual and other legal obligations.

The Company's average creditor payment period at 31 December 2020 was 59 days (2019: 63 days).

Employees, human rights and labour practices

The Company seeks to engage positively with its employees and embraces everyone's talents and abilities, and values diversity. It does not unfairly discriminate and respects human rights. It seeks to recruit 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. 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 HR representative. In February 2021 eight Group-wide HR Policies were launched that include matters such as our people commitments, diversity, recruitment, onboarding and offboarding approaches.

Statement of directors' responsibilities in respect of the financial statements

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, 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.

Ball & Young Limited

Directors' report for the year ended 31 December 2020 (continued)

Directors' confirmations

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

Daniel O'Riordan

Mr D O'Riordan
Director
14 September 2021

Independent auditors' report to the members of Ball & Young Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ball & Young Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (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 2020; the Statement of Comprehensive Income and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Ball & Young 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 2020 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 in respect of the financial statements, 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to implementation of government support schemes and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management from tax and finance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing legal expense listings and minutes of meetings with those charged with governance to identify indications of potential non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Identifying and testing journal entries including any journal entries posted with unusual account combinations, unusual words, and unexpected users.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

Independent auditors' report to the members of Ball & Young Limited (continued)

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 obtained 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
23 September 2021

Ball & Young Limited

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	1	**30,357,295**	36,649,002
Cost of sales		**(18,586,519)**	(22,206,488)
Gross profit		**11,770,776**	14,442,514
Distribution costs		**(3,567,962)**	(4,443,933)
Administrative expenses		**(1,032,145)**	(1,061,898)
Other income		**574,293**	-
Operating profit	2	**7,744,962**	8,936,683
Interest receivable and similar income	3	**2,290,385**	2,467,911
Interest payable and similar expenses	4	**(615,322)**	(649,675)
Profit before taxation		**9,420,025**	10,754,919
Tax on profit	6	**(1,766,441)**	(2,024,188)
Profit for the financial year	15	**7,653,584**	8,730,731
Other comprehensive income and expense			
Items that may be reclassified to the income statement			
Movement in the cashflow-hedging reserve:			
Effective portion of changes in fair value of derivatives		**(39,039)**	15,607
Other comprehensive (expense)/income for the year		**(39,039)**	15,607
Total comprehensive income for the year		**7,614,545**	8,746,338

All results are generated from continuing operations.

The accounting policies and notes on pages 13 to 30 form part of these financial statements.

Ball & Young Limited

Balance sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	7	**3,398,256**	3,299,779
Right-of-use assets	8	**6,045,408**	6,679,325
		9,443,664	9,979,104
Current assets			
Stocks	9	**1,752,316**	1,694,332
Debtors (includes £81,890,907 (2019: £69,357,280) due after more than one year)	10	**83,364,045**	71,299,677
Cash at bank and in hand		**663,357**	912,706
		85,779,718	73,906,715
Creditors: amounts falling due within one year	8,11	**(12,294,629)**	(8,252,019)
Net current assets		**73,485,089**	65,654,696
Total assets less current liabilities		**82,928,753**	75,633,800
Creditors: amounts falling due after more than one year	8,12	**(5,764,433)**	(6,219,023)
Provisions for liabilities	13	**(262,737)**	(127,739)
Net assets		**76,901,583**	69,287,038
Capital and reserves			
Called up share capital	14	**12,500,000**	12,500,000
Share premium account	15	**250,000**	250,000
Profit and loss account	15	**64,152,392**	56,498,808
Cash flow hedging reserve	15	**(809)**	38,230
Total shareholders' funds		**76,901,583**	69,287,038

The accounting policies and notes on pages 13 to 30 form part of these financial statements.

The financial statements on pages 10 to 30 were approved by the board of directors on 14 September 2021 and were signed on its behalf by:

Daniel O'Riordan

Mr D O'Riordan
Director
14 September 2021

Ball & Young Limited
Registered number
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Ball & Young Limited

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Share premium account	Profit and loss account	Cash flow hedging reserve	Total shareholders' funds
	£	£	£	£	£
At 1 January 2019	12,500,000	250,000	47,768,077	22,623	60,540,700
Profit and total comprehensive income for the year	-	-	8,730,731	15,607	8,746,338
At 31 December 2019	12,500,000	250,000	56,498,808	38,230	69,287,038
Profit and total comprehensive income for the year	-	-	7,653,584	(39,039)	7,614,545
At 31 December 2020	**12,500,000**	**250,000**	**64,152,392**	**(809)**	**76,901,583**

The accounting policies and notes on pages 13 to 30 form part of these financial statements.

Ball & Young Limited

Accounting policies

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Ball & Young Limited for the year ended 31 December 2020 were authorised for issue by the board of directors on 14 September 2021 and the balance sheet was signed on behalf of the board by Mr D O'Riordan. Ball & Young Limited is a private limited company, limited by shares, and is incorporated, registered and domiciled in England and Wales.

Basis of preparation

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 IFRS.

The Company is a wholly owned subsidiary of Vita Global Finco Limited which produces consolidated financial statements that are publicly available. Copies of their financial statements can be obtained from Vita Global Finco Limited, Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020. The financial statements are prepared in Sterling. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements have been prepared, on the going concern basis, using the historical cost convention, 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 20 gives details of the Company's parent undertaking 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 cashflows"
- The requirements of IAS 24, "Related party disclosures" to disclose related party transactions entered into between two or more members of a group.
- Paragraph 38 IAS 1, 'Presentation of financial statements' comparative information requirements in respect of: - paragraph 73(e) of IAS16 Property, plant and equipment

Going concern

The Company has received written confirmation from Vita Treasury Limited, a fellow group undertaking, that it is its current intention to provide its support to the Company, in order for the Company to continue to operate on a going concern basis. 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.

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 and judgements have been made in the following areas when preparing the Company's financial statements:

Estimated credit losses – note 10. Regarding the impairment model under IFRS 9 the Company has calculated impairment provisions for financial assets using an expected credit loss matrix model.

Critical judgements in determining the lease term under IFRS 16 (note 8) - in determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Going concern judgement - No critical judgements have been identified in applying the Company's accounting policies.

Ball & Young Limited

Accounting policies (continued)

New accounting standards and IFRS IC interpretations
The Company has adopted the following new and amended IFRSs in all periods presented in the consolidated historical financial information:

- Amendments to IAS8 'Accounting policies, changes in accounting estimate and errors'
- Amendments to IAS1 'Presentation of financial instruments'
- Amendments to IFRS 9
- Amendments to IFRS 16 'Leases – COVID-19 related rent concessions'
- IFRIC 23 'Uncertainty over income tax treatments'
- Amendments to Conceptual framework

The amendments listed above did not have a material impact on the amounts recognised in prior periods and are not expected to affect the current or future periods significantly.

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:

- Amendments to IAS1 'Presentation of financial instruments'
- Amendments to IAS16 'Property, plant and equipment'

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

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.

Right-of-use assets
Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

IFRS 16 'Leases' only requires disclosure of depreciation expense and additions to right-of-use assets. However, additional disclosures may be necessary to explain significant changes in the amounts of right-of-use assets, for example as a result of modifications to lease agreements.

Depreciation
Tangible assets
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:

Plant and machinery and motor vehicles	10 – 25%

Right-of-use assets
Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset' useful life.

Accounting policies (continued)

Leases
The Group recognises lease liabilities in relation to offices, production facilities, warehouses and equipment. These liabilities are measured at the present value of the lease payments, discounted using the lessee's incremental borrowing rate.

Stocks
Stocks are valued at the lower of first-in, first-out cost and net realisable value. Cost includes raw materials and appropriate production overhead expenses. Net realisable value is the price at which the stock can be sold in the normal course of business less any costs of realisation. Provision is made for obsolete, slow-moving or defective items where appropriate.

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.

Pension costs
During the year the Company participated in one defined benefit group pension scheme administered 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.

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, similar taxes and trade discounts) and is recognised in the Profit and loss account, when goods are supplied to external customers against orders received, title and risk of loss is passed to the customer and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete. Rebates, discounts and returns are recognised when reliable estimates can be made of these relevant deductions. The Company's sales arrangements do not involve multiple performance obligations, and the Company is not significantly exposed to contracts or other long-term sales arrangements, with sales recognised on delivery or collection of manufactured products, which is generally the point at which the Company's performance obligations have been fulfilled. All sales are made with an average credit term of 39 days (2019: 41 days).

Accounting policies (continued)

Cash flow statement
The Company is a wholly owned subsidiary of Vita Global Finco Limited, 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.

Trade debtors
Trade debtors are amounts due from customers for merchandise sold in the ordinary course of business. These are carried at original invoice amount less any provision for impairment. The Company applies the impairment model under IFRS 9, which requires the recognition of impairment provisions for financial assets to be based on expected credit losses (ECL). Long term debtors are discounted where the effect is material. Financial assets are written off when there is no reasonable expectation of recovery, such as an agreed payment plan. The Company categorises a receivable for write off when a debtor fails to make contractual payments more than 120 days past due or when the debtor is no longer able to pay its debts. Where debts have been written off, the Company continues to engage in enforcement activity to recover the debt due. When recoveries are made, these are recognised in profit or loss.

A debtor is recognised when the goods are delivered, as this is the point in time that the consideration is unconditional, because only the passage of time is required before the payment is due.

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.

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.

Hedge accounting
The Company has a number of forward currency contracts that are used to reduce the exposure to currency risk.

These forward currency contracts are fully effective at eliminating the risks they address. The Company has reviewed the requirements necessary to permit the application of hedge accounting under IFRS 9 'Financial instruments: recognition and measurement', and it has been applied accordingly. No ineffectiveness on hedges was recorded during 2020.

Changes in the fair value of derivative financial instruments to which hedge accounting is not applied are recognised in the Profit and loss account as they arise.

Share capital
The Company manages its capital structure and makes adjustments to it in light of changes to economic conditions and the strategic objectives of the Company. In order to maintain or adjust the capital structure, the Company might adjust the amount of dividends paid, return capital to shareholders and issue new shares.

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.

Accounting policies (continued)

Financial liabilities (continued)
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.

Notes to the financial statements
for the year ended 31 December 2020

1 Turnover

Turnover is generated entirely from the Company's principal activity in the United Kingdom. The geographical analysis of turnover by destination is as follows:

	2020 £	2019 £
Continental Europe	**880,498**	1,280,569
United Kingdom	**29,419,820**	35,206,157
Rest of World	**56,977**	162,276
	30,357,295	36,649,002

2 Operating profit

Operating profit is stated after charging/(crediting):	2020 £	2019 £
Staff costs (see note 5)	**5,060,554**	4,882,211
Inventory expensed through cost of sales	**12,072,089**	15,708,020
Grant income	**(574,293)**	-
Depreciation of tangible assets:		
- owned assets	**615,225**	583,390
Depreciation of right-of-use assets	**635,044**	635,639
Net foreign currency exchange gain	**(121,934)**	(49,238)
Services provided by the Company's auditors:		
- fees payable for statutory audit services	**32,000**	25,520

Grant income relates to claims made under the Coronavirus Job Retention Scheme.

The auditors received no remuneration for non-audit services (2019: £nil).

3 Interest receivable and similar income

	2020 £	2019 £
Interest receivable from group undertakings	**2,290,385**	2,467,911

4 Interest payable and similar expenses

	2020 £	2019 £
Interest payable to group undertakings	-	3,588
Interest and finance charges paid/payable for lease liabilities and financial liabilities at fair value through profit or loss	**447,112**	472,336
Other	**168,210**	173,751
	615,322	649,675

Other interest relates to amounts payable under a receivables financing facility with FactoFrance SAS.

5 Directors and employees

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

	2020 £	2019 £
Wages and salaries	**4,825,364**	3,993,766
Social security costs	**420,696**	455,125
Other pension costs (see note 18)	**388,787**	433,320
	5,634,847	4,882,211

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

	2020 Number	2019 Number
By activity		
Administration	**5**	6
Selling and distribution	**44**	46
Production	**92**	87
	141	139

5 Directors and employees (continued)

Directors' remuneration

Six directors (2019: six) received emoluments for their services to the Company in the year.

Four directors (2019: four) are directors for a number of group companies and it is not possible to allocate the remuneration between individual entities. Therefore, emoluments paid to those directors for their services in the current year of £1,483,664 (2019: £1,600,437) are included in those disclosed in Vita (Group) Unlimited and £409,439 (2019: £384,139) are included in those disclosed in Vita Cellular Foams (UK) Limited.

Two directors (2019: two) are paid by this company, and their emoluments are disclosed in the table below.

	2020	2019
	£	£
Total amount of emoluments	**229,781**	276,521
Value of company contributions to the defined contribution scheme	**41,037**	40,205

The number of directors who accrued benefits under group pension schemes during the year was two (2019: two).

Highest paid director

	2020	2019
	£	£
Total amount of emoluments	**136,237**	167,344
Value of company contributions to the defined contributions scheme	**23,213**	22,563

There were no related party transactions relating to directors.

Notes to the financial statements (continued) for the year ended 31 December 2020

6 Tax on profit

	2020	2019
	£	£
Current tax		
United Kingdom corporation tax at 19% (2019: 19%)	**1,751,023**	1,981,233
Adjustments to current tax in respect of prior years	**(119,580)**	(2,015)
Total current tax	**1,631,443**	1,979,218
Deferred tax		
Charge in respect of accelerated capital allowances	**60,415**	78,810
Adjustments to deferred tax in respect of prior years	**52,600**	(25,544)
Impact of change in tax rate	**21,983**	(8,296)
Total deferred tax	**134,998**	44,970
Tax on profit	**1,766,441**	2,024,188

The tax included in the profit and loss assessed for the year differs (2019: differs) from the standard rate of Corporation tax in the UK. The differences are explained as follows:

	2020	2019
	£	£
Profit before taxation	**9,420,025**	10,754,919
Tax on profit at standard UK Corporation tax rate of 19% (2019: 19%)	**1,789,805**	2,043,435
Expenses not deductible	**9,221**	9,271
Capital allowances in excess of depreciation	**(57,769)**	(72,880)
Adjustments to current tax in respect of prior years	**(119,580)**	(2,015)
Deferred tax charge in respect of accelerated capital allowances	**60,415**	78,810
Re-measurement of deferred tax – current year impact of change in the UK tax rate	**21,983**	(8,296)
Other timing differences	**9,766**	1,407
Adjustments to deferred tax in respect of prior years	**52,600**	(25,544)
Total tax charge for the year	**1,766,441**	2,024,188

The company has no deferred tax assets (2019: £nil).

On 11 March 2020, the UK Chancellor announced that the main rate of UK corporation tax would remain at 19% with effect from 1 April 2020 (instead of 17% as previously announced).

On 3 March 2021, the UK Chancellor announced that the main rate of UK corporation tax will be increasing to 25% with effect from 1 April 2023. As the change had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax expense and associated deferred tax liability by £45,633.

7 Tangible assets

	Plant and machinery and motor vehicles
Cost	
At 1 January 2020	13,589,615
Additions	713,431
Disposals	(41,926)
At 31 December 2020	**14,261,120**
Accumulated depreciation	
At 1 January 2020	10,289,836
Charge for the year	615,225
Disposals	(42,197)
At 31 December 2020	**10,862,864**
Net book value	
At 31 December 2020	**3,398,256**
At 31 December 2019	3,299,779

Tangible assets depreciation is recorded in cost of sales and administrative expenses in the Profit and loss account.

8 Leases

This note provides information for leases where the Company is a lessee.

i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	**2020 £**	2019 £
Property	**5,747,511**	6,252,783
Plant and equipment	**264,968**	360,997
Motor vehicles	**32,929**	65,149
Others	**-**	396
	6,045,408	6,679,325

Lease liabilities	**2020 £**	2019 £
Current	**879,940**	890,288
Non-current	**5,502,529**	5,964,786
	6,382,469	6,855,074

Additions to the right-of-use assets during the 2020 financial year were of £nil (2019: vehicles of £45,919).

ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets	**2020 £**	2019 £
Property	**(505,272)**	(498,127)
Plant and equipment	**(94,697)**	(98,565)
Motor vehicles	**(34,679)**	(34,871)
Others	**(396)**	(4,076)
	(635,044)	(635,639)

	2020 £	2019 £
Other profit and loss expenses relating to leases:		
Interest expense (included in finance cost)	**(447,112)**	(472,336)
Expense relating to short-term leases (included in distribution costs)	**(36,244)**	(14,313)
	(483,356)	(486,649)

The total cash outflow for leases in 2020 was £922,177 (2019: £927,025).

8 Leases (continued)

iii) The Company's leasing activities and how these are accounted for

The Company leases various offices, production facilities, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of greater than twelve months to ten years but may have extension options as described in (iv) below.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses:

- Property- a weighted average cost of long-term and Revolving Credit Facility (RCF) debt, adjusted for duration, country risk and specific asset risk.
- Vehicles - average of cost of debt for Factofrance SAS and the RCF facility, as a basis for shorter term debt.
- Plant & machinery – based on an average of actual examples from the geographic region.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

8 Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise IT equipment and small items of office furniture.

iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

v) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices, production facilities, warehouses and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Many extension options for offices and production facilities leases have been included in the lease liabilities, because the Company could not replace the assets without significant cost or business disruption.

As at 31 December 2020 and 31 December 2019, no potential future cash outflows have been excluded in the lease liability because it is reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of £nil (2019: £nil).

9 Stocks

	2020 £	2019 £
Raw materials and consumables	**1,070,892**	1,167,107
Work in progress	**291,971**	203,229
Finished goods and goods for resale	**389,453**	323,996
	1,752,316	1,694,332

There is no material difference between the balance sheet value of stocks and their replacement cost.

Inventories are stated after provisions for impairment of £41,302 (2019: £48,687). Inventories expensed through cost of sales in the year ended 2020 was £12,072,089 (2019: £15,708,020).

The movement in the provision for impairment resulted in an income being recognised in the year ended 2020 of £7,385 (2019: £5,453) and the amount of any reversal of prior year movements recognised as an expense was £nil (2019: £nil).

10 Debtors

	2020 £	2019 £
Trade debtors	-	438,497
Amounts owed by group undertakings (includes ££81,890,907 (2019: £69,357,280) due after more than one year)	**82,974,926**	70,631,251
Other debtors	**37,047**	932
Prepayments and accrued income	**352,072**	228,997
	83,364,045	71,299,677

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.

The impairment model under IFRS 9 requires the recognition of impairment provisions for financial assets to be based on expected credit losses (ECL). The Company has calculated impairment provisions for financial assets using an expected credit loss matrix model as follows:

- Gross sales ledger balances have been reviewed and specific credit risks identified. This includes customers in administration or customers for whom a significant credit risk exists. Any such credit risks are subject to a 100% provision.
- An expected credit loss matrix has then been calculated for the Company.

The Company does not consider there to be any requirement for impairment in the other receivable balances. There is not considered to be any additional credit risk based on the credit quality of financial assets that are neither past due nor impaired.

The Trade debtors figure is net of derecognised receivables, factored without recourse, of £4,854,558 (2019: £1,491,457). Gross trade receivables include sales rebates of £2,663,905 (2019: £2,376,553). The Group gives volume-based rebates to selected customers. Under the terms of the supply agreements, the amounts payable by the Group are offset against the receivables and only the net amounts are settled.

Notes to the financial statements (continued)
for the year ended 31 December 2020

11 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	6,470,722	3,130,872
Amounts owed to group undertakings	1,574,505	1,124,272
Lease liabilities	879,940	890,288
Corporation tax	1,437,499	1,431,516
Other tax and social security	1,452,340	1,028,355
Other creditors	45,090	40,775
Accruals and deferred income	434,533	605,941
	12,294,629	8,252,019

12 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Lease liabilities	5,502,529	5,964,786
Other creditors	261,904	254,237
	5,764,433	6,219,023

The Company is included in the Group's £44.7m pan-European non-recourse factoring facility with FactoFrance SAS. Certain trade receivables from UK, France, Germany, Poland, Netherlands, Lithuania and Romania are sold to FactoFrance SAS. The facility was drawn to £36.2m as at 31 December 2020 (2019: £25.8m). The facility maturity date is 1 May 2023, having been renewed in February 2020.

Amounts owed to group undertakings (including creditors due within one year) 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 (including creditors due within one year) are not repayable on demand.

Notes to the financial statements (continued)

for the year ended 31 December 2020

13 Provisions for liabilities

Restructuring and reorganisation	Restructuring and reorganisation £	Deferred tax liability £	Total provisions £
At 1 January 2019	37,905	82,769	120,674
Charge in the year	-	44,970	44,970
Utilised in the year	(37,905)	-	(37,905)
At 31 December 2019	-	127,739	127,739
Charge in the year	-	134,998	134,998
At 31 December 2020	**-**	**262,737**	**262,737**

Provision movements during 2019 were in respect of property related items.

The deferred tax liability of £262,737 (2019: £127,739) is in respect of accelerated capital allowances.

Deferred tax liability (see above)	Total £
Balance at 1 January 2019	82,769
Adjustments to deferred tax in respect of prior years	(25,544)
Charge in respect of accelerated capital allowances	78,810
Deferred tax – current year impact of change in the UK tax rate	(8,296)
Balance at 31 December 2019	127,739
Adjustments to deferred tax in respect of prior years	52,600
Charge in respect of accelerated capital allowances	82,398
Balance at 31 December 2020	**262,737**

14 Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
12,500,000 (2019: 12,500,000) ordinary shares of £1 each	**12,500,000**	12,500,000

15 Reserves

	Cash flow hedging reserve	Share premium account	Profit and loss account
	£	£	£
At 1 January 2019	22,623	250,000	47,768,077
Movement in cash flow hedging reserve	15,607	-	-
Profit for the financial year	-	-	8,730,731
At 31 December 2019	38,230	250,000	56,498,808
Movement in cash flow hedging reserve	(39,039)	-	-
Profit for the financial year	-	-	7,653,584
At 31 December 2020	**(809)**	**250,000**	**64,152,392**

16 Capital commitments

The Company had commitments of £143,503 (2019: £57,251) for capital expenditure contracted for, but not provided, at year end.

17 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.

18 Pension arrangements

The Company participated in one defined benefit scheme and one defined contribution scheme in 2020. 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 31 March 2016 actuarial valuation has not been updated at 31 December 2020 by a qualified actuary using revised assumptions that are consistent with the requirements of IAS 19R 'Employee benefits' Regulator, given the pending wind up mentioned below. 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 scheme is closed to new entrants, there is a restriction to the surplus that is recognised in the balance sheet. In addition, the Group has adopted IFRS IC 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.

18 Pension arrangements (continued)

During 2019, the balance of the debt instruments was transferred to an insurance company, Aviva Life & Pensions (UK) Limited (Aviva), and is held under an insurance policy. Aviva, together with the Group's UK actuary, Mercer Limited, are currently undertaking an exercise in readiness for the scheme's pension benefit obligations to be transferred to Aviva. On completion, the Group intends to wind up the UK scheme.

In February 2021, the trustees of the Group's principal UK defined benefit pension scheme substantially completed the data exercise ahead of the transfer of the scheme's liabilities to Aviva Life & Pensions (UK) Limited and triggered the process to wind up the pension scheme. It is anticipated that the formal buy out of the scheme and the completion of the scheme winding up will be completed in October 2021. At this point, all assets and liabilities associated with the UK pension scheme will no longer be recognised in the Group's financial statements as the risks and rewards associated with the UK defined benefit pension scheme will have transferred to Aviva.

The defined benefit scheme at 31 December 2020 had a surplus of £0.1m (2019: £0.1m) excluding deferred tax. The pension charge for the Company for the year was £nil (2019: £nil).

The pension charge for the year for the defined contribution scheme was £388,787 (2019: £433,320).

19 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 Global Finco Limited, whose financial statements are publicly available. There were no other related party transactions.

20 Ultimate parent undertaking and controlling party

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

Vita Global Finco Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements may be obtained from Level 1, IFC1, Esplanade, St Helier, Jersey, JE2 3BX.

The ultimate parent company is Vita Global Holdings Limited.

The Company's ultimate controlling party is Strategic Value Partners, LLC or its affiliates Strategic Value Special Situations Master Fund III, LP, Strategic Value Opportunities Fund, LP, and Strategic Value Special Situations Master Fund IV, LP, all of which are partnerships located in the Cayman Islands.

21 Subsequent events

In February 2021, the trustees of the Group's principal UK defined benefit pension scheme substantially completed the data exercise ahead of the transfer of the scheme's liabilities to Aviva Life & Pensions (UK) Limited and triggered the process to wind up the pension scheme.

All assets and liabilities associated with the UK pension scheme are no longer recognised in the Group's financial statements, as the risks and rewards associated with the UK defined benefit pension scheme have transferred to Aviva. It is anticipated that the formal buy out of the scheme and the completion of the scheme winding up will occur by 31 October 2021. No adjustments have been made to the 31 December 2020 financial statements in respect of this subsequent event.