

Vita Thermoplastic Compounds Limited
Annual report and financial statements
for the year ended 31 December 2012

Registered number 1018237



Vita Thermoplastic Compounds Limited

Annual report and financial statements

for the year ended 31 December 2012

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Vita Thermoplastic Compounds Limited

Directors and advisors for the year ended 31 December 2012

Directors

Mr G L Maundrell

Mr J H Menendez

Mr N B Hay

Mr P Wright

Mr D Johnson

Mr J D Meltham

Secretary

Vita Industrial (UK) Limited

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

Registered office

Times Place

45 Pall Mall

London

SW1Y 5JG

Registered number

1018237

Vita Thermoplastic Compounds Limited

Directors' report for the year ended 31 December 2012

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2012

Principal activities

The principal activity of the Company during the year continued to be the compounding of PVC, engineering and thermoplastic polymers

Business review and results

Results for the year ended 31 December 2012 were in line with expectations. The profit for the year was £1,822,021 (2011 £1,046,475) with turnover of £41,018,296 (2011 £44,982,433)

At the year end the Company had net assets of £28,325,317 (2011 £26,503,296)

During 2012 the Company incurred £nil (2011 £82,935) of exceptional operating costs relating to legal costs incurred in the administration of the Vita Pension Fund 1 scheme. The company incurred £195,655 of exceptional operating costs relating to vacated properties (2011 £nil)

With effect from 31 January 2011, the business assets and liabilities of Doeflex-Vitapol, based in Swindon, were sold to Ubiq Support Services Limited resulting in a loss of £280,906, disclosed as a non-operating exceptional item in the prior year

Research and development

The Company continues to invest in research and development as it is considered necessary for its continuing success in the medium to long term future

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities. The Company operates in accordance with Group (Vita (Lux III) S à r l and its subsidiary companies) policies

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks

Competitive pressure, both within the UK and overseas, is a continuing risk for the Company. The Company 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

Financial risk management

The Group, of which the Company is a member, through its central 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 centrally. At 31 December 2012 the Company had eight (2011 nine) foreign currency forward contracts in place with another Group company in both Euros and US Dollars. The fair value of these contracts was a liability of £121 as at 31 December 2012 (2011 liability £1,044)

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

Vita Thermoplastic Compounds Limited

Directors' report for the year ended 31 December 2012 (continued)

Key Performance Indicators ("KPIs")

The Group, of which the Company is a member, is managed on a divisional basis. As such the Company produces monthly reporting packs containing its financial results and these are consolidated into the total numbers for its division are submitted to Group for review. The Key Performance Indicators on which the Group 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. The Group has confirmed through its reviews that the KPIs have been running at a level consistent with expectations and have satisfied the Group's relevant banking covenants.

Dividends

The directors do not propose a dividend in respect of the year ended 31 December 2012 (2011: £nil).

Directors and their interests

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

Mr J H Menendez
Mr G L Maundrell
Mr N B Hay
Mr P Wright
Mr D Johnson
Mr J D Meltham

Political and charitable contributions

Charitable contributions amounting to £nil (2011: £nil) were made by the Company during the year. No political donations (2011: £nil) were made by the Company during the year.

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 2012 was 85 days (2011: 99 days).

Employees

The employees of the Vita Group have long been regarded as one of its most important assets. The Vita Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled the group continues employment wherever possible and arranges retraining.

The Group is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. In addition, the Group encourages the involvement of employees by means of enhanced communication methods – interactive intranet, team working and continuous improvement meetings. The Group also publishes a quarterly magazine, Vita News, which is available to all employees and gives details of current developments in each of the trading divisions.

Vita Thermoplastic Compounds Limited

Directors' report for the year ended 31 December 2012 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Each director in office at the date the Directors' report is approved confirms that

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

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

On behalf of the Board



Mr G L Maundrell
Director
30 April 2013

Vita Thermoplastic Compounds Limited

Independent auditors' report to the members of Vita Thermoplastic Compounds Limited

We have audited the financial statements of Vita Thermoplastic Compounds Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Simon White (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
30 April 2013

Vita Thermoplastic Compounds Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1	41,018,296	44,982,433
Cost of sales		(36,177,595)	(40,249,069)
Gross profit		4,840,701	4,733,364
Distribution costs		(1,913,954)	(2,141,308)
Administrative expenses before exceptional items		(1,176,312)	(1,452,931)
Exceptional items – pensions	2	-	(82,935)
Exceptional items – vacated property	2	(195,655)	-
Administrative expenses		(1,371,967)	(1,535,866)
Operating profit	2	1,554,780	1,056,190
Loss on disposal of business		-	(280,906)
Interest receivable and similar income		326,236	428,927
Interest payable on finance leases		(11,033)	(11,423)
Profit on ordinary activities before taxation		1,869,983	1,192,788
Tax on profit on ordinary activities	4	(47,962)	(146,313)
Profit for the year	13	1,822,021	1,046,475

All results were generated from continuing operations in the year ended 31 December 2012

The Company has no recognised gains and losses in either year other than those included in the results above, therefore no separate statement of total recognised gains and losses has been presented


There is no material difference between the profit on ordinary activities before taxation and the profit for the years stated above and their historical cost equivalents

Vita Thermoplastic Compounds Limited

Balance sheet as at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	5	1,747,602	1,991,855
		1,747,602	1,991,855
Current assets			
Stocks	6	2,601,238	3,418,328
Debtors (including £28,893,991) (2011 £53,368,068) falling due after more than one year)	7	36,500,409	62,227,869
Cash at bank and in hand		2,167,065	4,104,611
		41,268,712	69,750,808
Creditors: amounts falling due within one year	8	(7,089,699)	(12,616,573)
Net current assets		34,179,013	57,134,235
Total assets less current liabilities		35,926,615	59,126,090
Creditors: amounts falling due after more than one year	9	(6,537,546)	(31,194,370)
Provisions for liabilities	10	(1,063,752)	(1,428,424)
Net assets		28,325,317	26,503,296
Capital and reserves			
Called up share capital	11	35,363,514	35,363,514
Profit and loss account	12	(7,038,197)	(8,860,218)
Total shareholders' funds	16	28,325,317	26,503,296

The financial statements on pages 6 to 18 were approved by the board of directors on 30 April 2013 and were signed on its behalf by



Mr J D Meltham
Director
30 April 2013

Vita Thermoplastic Compounds Limited
Registered number
1018237

Vita Thermoplastic Compounds Limited

Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention.

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:

	%
Plant and machinery	10 – 25
Motor vehicles	16 – 25

Stocks

Stocks are stated at the lower of cost and net realisable value; cost includes appropriate production overhead expenses. 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 participated in by British Vita Unlimited and one defined contribution scheme. Pension costs are accounted for as if both the schemes were defined contribution schemes, under paragraph 12 of Financial Reporting Standards (FRS) 17 'Retirement Benefits', as the Company is unable to separately identify its assets and liabilities from the group schemes.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at actual exchange rates as of the date of the transaction (or where appropriate, at the rate of exchange in a related foreign currency forward contract). 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) of goods and services in the normal course of business. Sales are recognised when the risks and rewards of ownership of products pass to customers.

Vita Thermoplastic Compounds Limited

Accounting policies (continued)

Leases

Assets held under finance leases are capitalised as tangible fixed assets at fair value and the corresponding rentals liability is shown net of interest under finance leases within creditors. The capitalised values are written off over the shorter of the period of the lease and the useful life of the asset concerned and finance charges are written off over the period of the lease, based on a constant return on net investment. Rental costs under operating leases are charged to the profit and loss account over the period of the lease.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Cash flow statement

The Company is a wholly owned subsidiary of Vita (Lux III) S à r l, which produces consolidated financial statements that are publicly available. Consequently, the Company is exempt from the requirement of FRS 1 "Cash flow statements" (Revised 1996) to prepare a cash flow statement.

Interest receivable and payable

Interest income and expenditure is recognised in the Profit and Loss account on an accruals basis.

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.

Loss making cash generating units

Where management have identified a cash generating unit where the trade is loss making, but it is uneconomic to close at the present time and it is unlikely to be restored to profitability, a provision has been recognised for the least net cost of exiting these units.

Vacant operating leased property

When an operating leased property ceases to be used in the business or a commitment is entered into which would cause this to occur, provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover future obligations relating to the lease.

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 Thermoplastic Compounds Limited

Notes to the financial statements

for the year ended 31 December 2012

1 Turnover

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

	2012 £	2011 £
Continental Europe	9,136,474	7,847,417
United Kingdom	26,564,878	27,977,920
Rest of World	5,316,944	6,433,120
	41,018,296	42,258,457
Discontinued operations	-	2,723,976
	41,018,296	44,982,433

2 Operating profit

Operating profit is stated after charging / (crediting)	2012 £	2011 £
Staff costs (note 3)	2,878,597	3,907,889
Depreciation of tangible fixed assets		
- owned assets	307,469	310,616
- held under finance lease	103,803	103,803
Profit on disposal of fixed assets	-	(7,500)
Exceptional costs - pensions	-	82,935
Exceptional costs – vacated property	195,655	-
Operating lease rentals		
- property	307,000	343,000
- plant and machinery	104,740	113,647
Services provided by the Company's auditors		
Fees payable for statutory audit services	-	6,000

In 2012 the Company incurred £nil (2011: £82,935) of exceptional operating costs relating to legal costs incurred in the administration of the Vita Pension Fund 1 scheme. The company also incurred £195,655 of exceptional operating costs relating to vacated properties (2011: £nil).

The 2011 comparative operating profit in respect of discontinued operations was £2,258,241 and consisted of turnover of £2,723,976, cost of sales of £279,569, distribution costs of £156,960 and administration costs of £29,206.

Vita Thermoplastic Compounds Limited

Notes to the financial statements (continued)

for the year ended 31 December 2012

3 Directors and employees

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	2,346,103	3,096,825
Social security costs	234,855	322,872
Other pensions costs (see note 18)	297,639	488,192
	2,878,597	3,907,889

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

	2012 Number	2011 Number
By activity		
Administration	8	15
Selling and distribution	12	13
Production	67	71
	87	99

Directors' remuneration

One director (2011 three) received emoluments for their services to the Company in the year. The other directors received their emoluments from other group undertakings.

The number of directors who accrued benefits under group pension schemes during the year was one (2011 three).

	2012 £	2011 £
Total amount of emoluments	115,223	585,065
Value of company contributions to the defined contribution scheme	6,212	57,495

Vita Thermoplastic Compounds Limited

Notes to the financial statements (continued)

for the year ended 31 December 2012

4 Tax on profit on ordinary activities

	2012 £	2011 £
Current tax		
United Kingdom corporation tax at 24.5% (2011: 26.5%)	47,582	307
Adjustments in respect of previous years	380	146,006
Tax on profit on ordinary activities	47,962	146,313

The tax assessed for the year differs (2011: differs) from the effective rate of Corporation tax in the UK. The differences are explained as follows:

	2012 £	2011 £
Profit on ordinary activities before taxation	1,869,983	1,192,788
Tax on profit on ordinary activities at effective UK Corporation tax rate of 24.5% (2011: 26.5%)	458,146	316,089
Net (income)/expenses not deductible for tax purposes	(91,504)	72,859
Capital allowances in (excess of)/less than depreciation	(181,203)	82,501
Withholding tax	47,588	-
Tax losses utilised	(168,857)	(471,142)
Other timing differences	(16,588)	-
Adjustment in respect of previous years	380	146,006
Current tax charge for the year	47,962	146,313

Potential deferred tax assets of £2.5m (2011: £3.5m) have not been recognised in respect of losses carried forward, fixed asset timing differences and other timing differences, as it is considered the degree of certainty around the future is not sufficient to prudently recognise these assets.

On 21 March 2012 the Chancellor announced the reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012 and a further reduction to 23% with effect from 1 April 2013. These changes became substantively enacted on 26 March 2012 and 3 July 2012 respectively. The effect of these rate reductions has been included in the relevant figures above.

On 20 March 2013, the Chancellor proposed a further reduction to the main rate of UK corporation tax to 20% with effect from 1 April 2015. This change was not substantively enacted at the balance sheet date and therefore is not recognised in the financial statements. The overall effect of the further reductions from 23% to 20%, if these applied to the deferred tax balance not recognised at 31 December 2012, would be to reduce the UK deferred tax assets not recognised by approximately £0.3m.

Vita Thermoplastic Compounds Limited

Notes to the financial statements (continued)

for the year ended 31 December 2012

5 Tangible assets

	Plant and machinery £
Cost	
At 1 January 2012	9,088,408
Additions	169,817
Disposals	(8,273)
Group Transfers	(46,700)
At 31 December 2012	9,203,252
Accumulated depreciation	
At 1 January 2012	7,096,553
Charge for the year	411,272
Disposals	(66,580)
Group Transfers	14,405
At 31 December 2012	7,455,650
Net book value	
At 31 December 2012	1,747,602
At 31 December 2011	1,991,855

At 31 December 2012 the net book value of assets held under finance leases was £449,367 (2011 £611,477) and the depreciation charge on those assets for the year was £103,803 (2011 £103,803)

6 Stocks

	2012 £	2011 £
Raw materials and consumables	1,509,218	2,073,870
Finished goods and goods for resale	1,092,020	1,344,458
	2,601,238	3,418,328

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

Vita Thermoplastic Compounds Limited

Notes to the financial statements (continued)

for the year ended 31 December 2012

7 Debtors

	2012 £	2011 £
Trade debtors	6,246,960	7,511,258
Amounts owed by group undertakings (including £28,893,991 (2011 £53,368,068) falling due after more than one year)	29,970,282	54,118,776
Corporation tax	11	385
Other debtors	64,053	381,280
Prepayments and accrued income	219,103	216,170
	36,500,409	62,227,869

Amounts owed by group undertakings are unsecured and interest is charged on a floating rate basis. The rates are linked to the LIBOR (or equivalent) for the currency of each loan, and an appropriate margin is added.

8 Creditors: amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	-	2,853,275
Amount payable under finance leases (see note 10)	137,629	137,629
Trade creditors	6,453,253	8,105,562
Amounts owed to group undertakings	8,777	297,088
Other taxation and social security	326,878	170,200
Other creditors	24,120	3,624
Accruals and deferred income	139,042	1,049,195
	7,089,699	12,616,573

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

Vita Thermoplastic Compounds Limited

Notes to the financial statements (continued)

for the year ended 31 December 2012

9 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Amounts owed to group undertakings	6,452,015	30,953,990
Amounts payable under finance leases	85,531	240,380
	6,537,546	31,194,370

Amounts owed to group undertakings are unsecured and interest is charged on a floating rate basis. The rates are linked to the LIBOR (or equivalent) for the currency of each loan, and an appropriate margin is added. They have no fixed date of repayment.

Finance leases are repayable as follows:

	2012 £	2011 £
Between one and two years	43,889	171,410
Between two and five years	41,642	68,970
	85,531	240,380
Within one year (see note 9)	137,629	137,629
	223,160	378,009

10 Provisions for liabilities

	Rationalisation costs £
At 1 January 2012	1,428,424
Utilised in the year	(364,672)
At 31 December 2012	1,063,752

The rationalisation provision brought forward arose in respect of onerous leases and environmental remedial work costs at various business locations. The provision is expected to be utilised within the next two years.

Vita Thermoplastic Compounds Limited

Notes to the financial statements (continued)

for the year ended 31 December 2012

11 Called up share capital

	2012 £	2011 £
Allotted, called up and fully paid		
35,363,514 (2011 35,363,514) ordinary shares of £1 each	35,363,514	35,363,514

12 Profit and loss account

	£
At 1 January 2012	(8,860,218)
Profit for the year	1,822,021
At 31 December 2012	(7,038,197)

13 Capital commitments

	2012 £	2011 £
Contracted for but not provided in the financial statements	2,015	37,350

14 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.

Vita Thermoplastic Compounds Limited

Notes to the financial statements (continued)

for the year ended 31 December 2012

15 Operating lease commitments

The Company has annual commitments in respect of operating leases expiring as shown

	Property		Plant and machinery	
	2012 £	2011 £	2012 £	2011 £
Within one year	-	-	5,994	15,918
Between two and five years	-	-	78,735	86,281
After five years	307,000	307,000	-	-
	307,000	307,000	84,729	102,199

16 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	1,822,021	1,046,475
Opening shareholders' funds	26,503,296	25,456,821
Closing shareholders' funds	28,325,317	26,503,296

17 Pension arrangements

FRS 17

The Group participated in one defined benefit scheme and one defined contribution scheme in 2012

The contributions paid by the Company are accounted for as if the schemes were defined contribution schemes, under paragraph 12 of FRS 17, as the Company is unable to identify its share of the underlying assets and liabilities in the schemes. The defined benefit scheme at 31 December 2012 had a surplus of £12.4m (2011 £11.9m) excluding deferred tax.

The pension charge for the year was £297,639 (2011 £488,192)

Vita Thermoplastic Compounds Limited

Notes to the financial statements (continued)

for the year ended 31 December 2012

18 Related party transactions

The Company has taken advantage of the exemption under paragraph 3(C) from the provisions of FRS 8, '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 à r l , whose financial statements are publicly available. There were no other related party transactions.

19 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is British Vita Unlimited.

Vita (Lux III) S à r l is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2012. The consolidated financial statements may be obtained from 5, Rue Guillaume Kroll, L-1882, Luxembourg.

The Company's ultimate controlling party is TPG Partners IV-AIV, LP, a partnership located in the Cayman Islands. The ultimate parent company is Vita Cayman Limited.