

Vita (Holdings) Limited

Annual report and financial statements
for the year ended 31 December 2019

Registered Number 5396870



Vita (Holdings) Limited
Annual report and financial statements
for the year ended 31 December 2019

Contents

	Page
Directors and advisers for the year ended 31 December 2019	1
Strategic report for the year ended 31 December 2019	2
Directors' report for the year ended 31 December 2019	4
Independent auditors' report to the members of Vita (Holdings) Limited	6
Profit and loss account for the year ended 31 December 2019	8
Balance sheet as at 31 December 2019	9
Statement of changes in equity for the year ended 31 December 2019	10
Accounting policies	11
Notes to the financial statements for the year ended 31 December 2019	15

Vita (Holdings) Limited

Directors and advisers for the year ended 31 December 2019

Directors

Mr D Round
Mr D O'Riordan
Mr I W Robb
Mr M O Shafi Khan
Mr G Davids

Secretary

Vita Industrial (UK) Limited

Independent auditors

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

Registered Office

Oldham Road
Middleton
Manchester
M24 2DB

Registered Number

5396870

Vita (Holdings) Limited

Strategic report for the year ended 31 December 2019

The directors present their Strategic report on the Company for the year ended 31 December 2019.

Principal activities

The principal activity of the Company during the year continued to be to act as the parent for investments in the Group (Vita (Lux III) S.à.r.l. and its subsidiary companies). Principal investments are detailed in note 5 to the financial statements.

Business review

The loss for the financial year ended 31 December 2019 was €25,832,354 (2018: €3,164,393) and includes €11,897,874 foreign currency losses (2018: €2,350,975 foreign currency gains) arising on the retranslation of inter-company loans. At the year end the Company had net assets of €195,362,477 (2018: €221,194,831).

In 2019, the Company realised exceptional income of €125,991 (2018: €299,000) on the release of a provision relating to commercial claims.

Environment

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

Principal risks and uncertainties

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

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

Recession: this risk could come about through changes in global and local macro conditions, including the impact of the COVID-19 virus pandemic, or through legislative changes such as Brexit. The Company is dependent on the financial performance of the Group, as the Company's only source of income to meet its liabilities is that generated by the Group's operations. 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. Note, as yet, there is no clarity on how the COVID-19 virus pandemic will develop, nor on the future trading relationship between Britain and the EU. However, the Group has worked through contingency plans which aim to limit any potential negative impacts which could occur, and the Group is working through contingency planning to mitigate the negative effects of any potential recession.

COVID-19: the impact of the coronavirus creates a number of potential business risks which the Company 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. Liquidity risks arising from interruption to normal business operations are managed through the preparation of bi-monthly cash forecasts and through weekly updates to 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.

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 no foreign currency forward contracts (2018: none).

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

Vita (Holdings) Limited

Strategic report for the year ended 31 December 2019 (continued)

Key Performance Indicators (“KPIs”)

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

- EBITDA pre IFRS 16 ‘Leases’
- Working Capital
- Operating Cash Flow

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

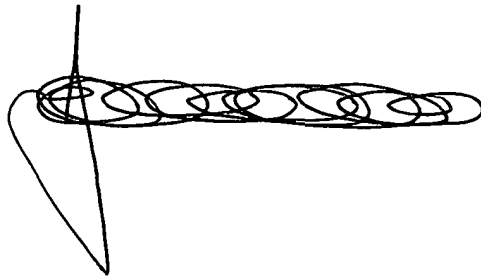
Non financial

There are three non financial key performance indicators which are:

- Health and safety - 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

Mr I W Robb
Director
12 June 2020

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, followed by a vertical line extending downwards.

Vita (Holdings) Limited

Directors' report for the year ended 31 December 2019

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

Political and charitable contributions

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

Future developments

The Company continues to act as the immediate parent for investments in the Group.

Dividends

The directors have not paid and do not propose a dividend in respect of the year ended 31 December 2019 (2018: €nil).

Going concern

The financial statements are prepared on a going concern basis. The Company is a subsidiary company of the Group. The ability of the Company to continue as a going concern is dependent on the financial performance of the Group, as the Company's only source of income to meet its liabilities is that generated by the Group's operations. At 31 December 2019, the Group had net cash of €41,290,195 (2018: €28,135,004) and reported strong EBITDA growth and cash generation in the year ended 31 December 2019. Subsequent to the balance sheet date, the Group also made a draw down on its super senior committed RCF amounting to €30,750,000. This was done to maximise operational flexibility, in light of the COVID-19 pandemic, with the cash held in accounts across different operating jurisdictions at the date of signing the accounts.

As a result of the COVID-19 pandemic, Europe, where most of the Group's operations are located, has seen increased uncertainty and market turmoil. Widespread population movement control and disruption to normal economic activity has begun to adversely impact the Group's business operations. Whilst the Group has more than sufficient liquidity headroom to manage its normal day-to-day business, management consider that increased disruptions from the COVID-19 pandemic including enforced site shutdowns, demand reduction, supply chain interruption, widespread customer defaults and extended delays in collecting receivables, could cause the Group to exceed its funding facilities within the next 12 months and therefore may affect the Group and as a result, due to its dependence on the Group's financial performance, the Company's ability to continue as a going concern.

Management have undertaken detailed scenario analysis on a Group basis to model a base case scenario and a downside scenario. Under the base case, the Group is forecast to have sufficient cash and headroom within existing facilities to meet its obligations as they fall due without the need for additional funding or financial support. However, under the downside scenario, the Group is forecast to have a shortfall of available cash between May and September 2020, despite targeted spend actions such as operating cost reduction and reduced discretionary spend, including on capital expenditure projects.

The key management assumptions in the downside scenario are:

- Enforced shut down of all operating plants for a full month;
- Significant reduction in demand in the months following the restart of each site, resulting in revenue shortfalls versus budget for the remainder of the financial year ending 31 December 2020;
- A significant increase in terms taken by customers to pay credit invoices;
- Actions to materially flex operating costs and reduce capital spend across the financial year ended 31 December 2020; and
- Restricted ability to flex supplier payment terms.

Management have already applied for and secured government support in a number of operating jurisdictions to defer taxation remittances and are working actively on accessing government-backed funding facilities to manage any potential liquidity shortfalls in the downside scenario. Furthermore, the Group is working in partnership with its suppliers to determine what support they can provide in such a scenario. Finally, the Group is in discussions with its lenders and shareholder to obtain additional borrowing facilities that would further strengthen its ability to manage any such cash flow volatility that may arise in the short term.

The Group is currently in compliance with all lending covenants and, based on both its base case and downside scenario modelling, expects to remain in compliance in the next twelve months. Only the downside scenario described above indicates the existence of a material uncertainty, which may cast significant doubt on the Group and as a result, due to its dependence on the Group's financial performance, the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Vita (Holdings) Limited

Directors' report for the year ended 31 December 2019 (continued)

Directors

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

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

Financial risk management

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

Directors' indemnities

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

Statement of directors' responsibilities 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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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.

Post balance sheet events

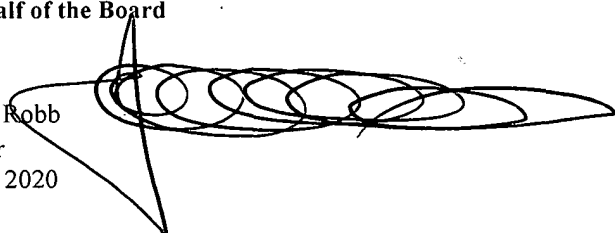
Details of a non-adjusting post balance sheet event in respect of COVID-19 are included in note 14 to the financial statements.

Independent auditors

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

On behalf of the Board

Mr I W Robb
Director
12 June 2020



Vita (Holdings) Limited

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

Report on the audit of the financial statements

Opinion

In our opinion, Vita (Holdings) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the profit and loss account, 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.

Material uncertainty related to going concern

We draw attention to the accounting convention section of the Accounting policies on page 12 to the financial statements, concerning the company's ability to continue as a going concern. The Board of Directors have considered the potential impact that the COVID-19 outbreak could have on the Company. This includes consideration of the impact of COVID-19 on the financial performance of the Company and its fellow group undertakings (the 'Group'), to which its ability to continue as a Going Concern is dependent. That consideration includes a downside scenario involving a period of significantly reduced revenue and extended customer receivables period, which would lead to a shortfall of available cash unless additional financing can be obtained. The conditions outlined in the downside scenario, along with the other matters explained in the accounting convention section of the Accounting policies on page 12, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Vita (Holdings) Limited

Independent auditors' report to the members of Vita (Holdings) 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 2019 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

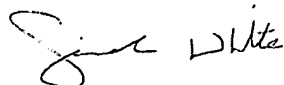
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Simon White (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
12 June 2020

Vita (Holdings) Limited

Profit and loss account for the year ended 31 December 2019

	Note	2019 €	2018 €
Administrative (expenses)/income before exceptional items		(11,903,778)	2,235,404
Exceptional items		125,991	299,000
Administrative (expenses)/income		(11,777,787)	2,534,404
Operating (loss)/profit	1	(11,777,787)	2,534,404
Other interest receivable and similar income	2	-	2,488,409
Interest payable and similar expenses	3	(14,510,387)	(9,699,424)
Loss before taxation		(26,288,174)	(4,676,611)
Tax on loss	4	455,820	1,512,218
Loss for the financial year	11	(25,832,354)	(3,164,393)

All results are generated from continuing operations.

The Accounting policies and notes on pages 11 to 21 form part of these financial statements.

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

Vita (Holdings) Limited

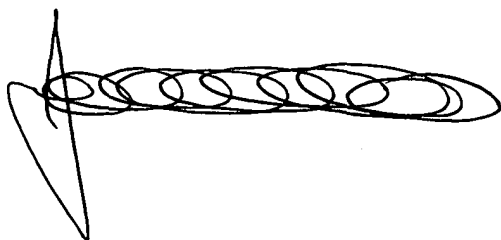
Balance sheet as at 31 December 2019

	Note	2019 €	2018 €
Fixed assets			
Investments	5	576,381,338	576,381,338
Current assets			
Debtors (includes €nil (2018: €nil) due after more than one year)	6	458,676	2,231,886
Cash at bank and in hand		500,000	-
		958,676	2,231,886
Creditors: amounts falling due within one year	7	(7,813,982)	(10,092,852)
Net current liabilities		(6,855,306)	(7,860,966)
Total assets less current liabilities		569,526,032	568,520,372
Creditors: amounts falling due after more than one year	8	(373,713,555)	(346,608,541)
Provisions for liabilities	9	(450,000)	(717,000)
Net assets		195,362,477	221,194,831
Capital and reserves			
Called up share capital	10	1,499	1,499
Profit and loss account	11	195,360,978	221,193,332
Total shareholders' funds		195,362,477	221,194,831

The Accounting policies and notes on pages 11 to 21 form part of these financial statements.

The financial statements on pages 8 to 21 were approved by the board of directors on 12 June 2020 and were signed on its behalf by:

Mr I W Robb
Director
12 June 2020



Vita (Holdings) Limited
Registered Number
5396870

Vita (Holdings) Limited

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital	Profit and loss account	Total shareholders' funds
	€	€	€
At 1 January 2018	1,499	224,357,725	224,359,224
Loss for the financial year and total comprehensive expense for the financial year	-	(3,164,393)	(3,164,393)
At 31 December 2018	1,499	221,193,332	221,194,831
Loss for the financial year and total comprehensive expense for the financial year	-	(25,832,354)	(25,832,354)
At 31 December 2019	1,499	195,360,978	195,362,477

Vita (Holdings) Limited

Accounting policies

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Vita (Holdings) Limited for the year ended 31 December 2019 were authorised for issue by the board of directors on 12 June 2020 and the balance sheet was signed on behalf of the board by Mr I W Robb. Vita (Holdings) Limited is private limited company, limited by shares, and is incorporated, registered and domiciled in England and Wales.

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

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

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019. The financial statements are prepared in Euro.

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

Basis of preparation

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

The Company is a qualifying entity for the purposes of FRS 101. Note 13 gives details of the Company’s ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

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

- The company is a wholly-owned subsidiary of Vita (Lux III) S.à.r.l. and is included in the consolidated financial statements of Vita (Lux III) S.à.r.l., which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.
- IFRS 7, “Financial Instruments: Disclosures”
- IAS 7, “Statement of cash flows”
- The requirements of IAS 24, “Related party disclosures” to disclose related party transactions entered into between two or more members of a group.

Critical accounting estimates and judgements

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

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

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

Estimates:

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

Judgements:

Going concern: in respect of the outbreak of the COVID-19 pandemic, the Group’s trading subsidiaries have experienced reduced customer demand in a number of markets leading to furloughs or the suspension of operations at certain of its plants. Management have prepared a number of scenarios to assess the likely impact of the pandemic on future financial position and performance which support the conclusion that the financial statements can be prepared on a going concern basis. This has been further expounded upon below.

Vita (Holdings) Limited

Accounting policies (continued)

Going concern

The financial statements are prepared on a going concern basis. The Company is a subsidiary company of the Group. The ability of the Company to continue as a going concern is dependent on the financial performance of the Group, as the Company's only source of income to meet its liabilities is that generated by the Group's operations. At 31 December 2019, the Group had net cash of €41,290,195 (2018: €28,135,004) and reported strong EBITDA growth and cash generation in the year ended 31 December 2019. Subsequent to the balance sheet date, the Group also made a draw down on its super senior committed RCF amounting to €30,750,000. This was done to maximise operational flexibility, in light of the COVID-19 pandemic, with the cash held in accounts across different operating jurisdictions at the date of signing the accounts.

As a result of the COVID-19 pandemic, Europe, where most of the Group's operations are located, has seen increased uncertainty and market turmoil. Widespread population movement control and disruption to normal economic activity has begun to adversely impact the Group's business operations. Whilst the Group has more than sufficient liquidity headroom to manage its normal day-to-day business, management consider that increased disruptions from the COVID-19 pandemic including enforced site shutdowns, demand reduction, supply chain interruption, widespread customer defaults and extended delays in collecting receivables, could cause the Group to exceed its funding facilities within the next 12 months and therefore may affect the Group and as a result, due to its dependence on the Group's financial performance, the Company's ability to continue as a going concern.

Management have undertaken detailed scenario analysis on a Group basis to model a base case scenario and a downside scenario. Under the base case, the Group is forecast to have sufficient cash and headroom within existing facilities to meet its obligations as they fall due without the need for additional funding or financial support. However, under the downside scenario, the Group is forecast to have a shortfall of available cash between May and September 2020, despite targeted spend actions such as operating cost reduction and reduced discretionary spend, including on capital expenditure projects.

The key management assumptions in the downside scenario are:

- Enforced shut down of all operating plants for a full month;
- Significant reduction in demand in the months following the restart of each site, resulting in revenue shortfalls versus budget for the remainder of the financial year ending 31 December 2020;
- A significant increase in terms taken by customers to pay credit invoices;
- Actions to materially flex operating costs and reduce capital spend across the financial year ended 31 December 2020; and
- Restricted ability to flex supplier payment terms.

Management have already applied for and secured government support in a number of operating jurisdictions to defer taxation remittances and are working actively on accessing government-backed funding facilities to manage any potential liquidity shortfalls in the downside scenario. Furthermore, the Group is working in partnership with its suppliers to determine what support they can provide in such a scenario. Finally, the Group is in discussions with its lenders and shareholder to obtain additional borrowing facilities that would further strengthen its ability to manage any such cash flow volatility that may arise in the short term.

The Group is currently in compliance with all lending covenants and, based on both its base case and downside scenario modelling, expects to remain in compliance in the next twelve months. Only the downside scenario described above indicates the existence of a material uncertainty, which may cast significant doubt on the Group and as a result, due to its dependence on the Group's financial performance, the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

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.

Investments

Investments are included at cost less provision for impairment.

Taxation

Corporation tax payable is provided on taxable profits at the current rate after adjusting for double taxation relief in respect of overseas taxation.

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.

Vita (Holdings) Limited

Accounting policies (continued)

Taxation (continued)

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

Foreign currencies

Transactions denominated in foreign currencies are translated into Euro 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 Euro 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.

Finance costs

Finance costs are deducted from the carrying value of debt and are recognised in the Profit and loss account over the term of such instruments at a constant rate on the carrying value.

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.

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 IAS 7 "Statement of Cash Flows" to prepare a cash flow statement.

New accounting standards and IFRS IC interpretations

The Company has adopted the following new and amended IFRSs in all periods presented in the historical financial information. There has not been a material impact to the Company when adopting these new and amended IFRSs:

- IFRS 16 'Leases'
- IFRIC 23 'Uncertainty over income tax treatments'
- Annual improvements 2015-2018
- Amendments to IFRS 9 (prepayment features)
- Amendments to IAS28 'long-term interests'
- Amendments to IAS19 'plan amendment, curtailment or settlement'

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 IFRS 3 'Business combinations'
- Amendments to IAS8 'Accounting policies, changes in accounting estimate and errors'
- Amendments to IAS1 'Presentation of financial instruments'
- Amendments to IFRS 9, IAS 39 and IFRS 7 'interest rate benchmark reform'
- Amendments to Conceptual framework

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

Early adoption of standards

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

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.

Vita (Holdings) Limited

Accounting policies (continued)

Financial liabilities (continued)

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

Recognition and measurement

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

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

(b) Loans and borrowings

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

Derecognition of financial liabilities

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

Financial assets

Classification

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

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

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

(b) Loans and receivables

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

Recognition and derecognition

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

Measurement

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

The Company adopted IFRS 9 'Financial instruments' with effect from 1 January 2018. 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 accordingly.

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.

Vita (Holdings) Limited

Notes to the financial statements

for the year ended 31 December 2019

1 Operating (loss)/profit

The directors are directors for a number of group companies and it is not possible to allocate the remuneration between individual entities. Therefore, the Company discloses the emoluments paid to those directors for their services in the current year and in the prior year in Vita (Group) Unlimited and Vita Cellular Foams (UK) Limited. The Company has no employees (2018: none).

Auditors' remuneration of €3,000 (2018: €3,000) for statutory audit services was borne by a fellow group company. The auditors received no fees for non-audit services (2018: €nil).

Operating loss for the year ended 2019 of €11,777,787 (2018: profit €2,534,404) includes €11,897,874 foreign currency losses (2018: €2,350,975 foreign currency gains) arising on the retranslation of inter-company loans.

In 2019, the Company realised exceptional income of €125,991 (2018: €299,000) on the release of a provision relating to commercial claims.

The closing exchange rate of Sterling to Euro at 31 December 2019 was 1.1826 (2018: 1.1121) and average rate was 1.1399 (2018: 1.1301).

2 Other interest receivable and similar income

	2019 €	2018 €
Bank interest	-	1,189
Interest receivable from group undertakings	-	2,487,220
	-	2,488,409

3 Interest payable and similar expenses

	2019 €	2018 €
Bank loans and overdrafts	452	33,520
Bank guarantee fees	-	102,377
Interest payable to group undertakings	14,509,935	9,563,527
	14,510,387	9,699,424

Vita (Holdings) Limited

Notes to the financial statements (continued) for the year ended 31 December 2019

4 Tax on loss

	2019 €	2018 €
Current tax		
United Kingdom corporation tax at 19% (2018: 19%)	(452,573)	(1,849,825)
Adjustments in respect of prior years	(3,247)	337,607
Tax on loss	(455,820)	(1,512,218)

The tax assessed for the year differs from (2018: differs from) the standard rate of Corporation tax in the UK. The differences are explained as follows:

	2019 €	2018 €
Loss before taxation	(26,288,175)	(4,676,611)
Tax on loss before taxation at standard UK Corporation tax of 19% (2018: 19%)	(4,994,753)	(888,556)
Expenses not deductible/(income not taxable)	2,260,596	(896,323)
Other timing differences	2,281,584	(64,946)
Adjustments in respect of prior years	(3,247)	337,607
Tax credit for the financial year	(455,820)	(1,512,218)

Potential deferred tax assets of €39.6m (2018: €39.8m) have not been recognised in respect of losses carried forward and timing differences, as it is considered the degree of certainty around the level of future taxable profits is not sufficient to recognise these assets.

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). This change became substantively enacted on 17 March 2020. 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 at the balance sheet date, would be to increase the potential deferred tax asset not recognised by €4.7m.

Vita (Holdings) Limited

Notes to the financial statements (continued)

for the year ended 31 December 2019

5 Investments

	Subsidiary undertakings
	€
Cost or valuation	
1 January 2018	576,380,338
Additions	1,000
At 31 December 2018 and 31 December 2019	576,381,338

Additions in 2018 relate to the incorporation of Vita Treasury Limited. The directors believe that the carrying value of the investments is supported by their underlying net assets. The subsidiary undertakings at the year end are as follows (* indicates held indirectly):

Subsidiary undertakings	Registered office	% shares held by Company	Principal activity
International			
Metzeler Schaum Inc.	8343 Douglas Ave Ste 400 Dallas, TX 75225, USA	*100%	Cellular foams
Vitafoam Inc.	8343 Douglas Ave Ste 400 Dallas, TX 75225, USA	*100%	Nonwoven products
Vita Foam Products (Changshu) Company Limited	No. 55 Dong Zhang Wan He Rd, Changshu Economic & Technology Development Zone, Changshu, China	*100%	Cellular foams
United Kingdom			
Vita (Group) Unlimited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Parent company
Ball & Young Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Cellular foams
British Vita Property (UK) 2 Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Property company
Vita Cellular Foams (UK) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Cellular foams
Vita Industrial (UK) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Administrative services
Vita Liquid Polymers Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Liquid compounds
Vita International Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Parent company
Vita Investments North America Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Parent company
Vita Industrial (Lithuania) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Investment company
Vita Industrial (Poland) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Investment company
Vita Lithuania (UK) Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Investment company
Vita Treasury Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	*100%	Financing company
Vita Technical Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Cellular foams
Vita Technical Solutions Limited	Oldham Road, Middleton, Manchester, M24 2DB, United Kingdom	100%	Cellular foams

Vita (Holdings) Limited

Notes to the financial statements (continued)

for the year ended 31 December 2019

5 Investments (continued)

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

Vita (Holdings) Limited

Notes to the financial statements (continued)

for the year ended 31 December 2019

5 Investments (continued)

The financial statements contain information about Vita (Holdings) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Vita (Lux III) S.à.r.l.

6 Debtors

	2019 €	2018 €
Amounts owed by group undertakings (includes Enil (2018: Enil) due after more than one year)	893	382,061
Corporation tax	452,573	1,849,825
Other debtors	5,210	-
	458,676	2,231,886

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.

7 Creditors: amounts falling due within one year

	2019 €	2018 €
Amounts owed to group undertakings	7,776,576	9,977,370
Accruals and deferred income	37,406	115,482
	7,813,982	10,092,852

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

8 Creditors: amounts falling due after more than one year

	2019 €	2018 €
Amounts owed to group undertakings	373,713,555	346,608,541

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

Vita (Holdings) Limited

Notes to the financial statements (continued)

for the year ended 31 December 2019

9 Provisions for liabilities

	Legal costs, claims and litigation settlements
	€
At 1 January 2018	1,046,000
Utilised during the year	(30,000)
Released during the year	(299,000)
At 31 December 2018	717,000
Utilised during the year	(141,009)
Released during the year	(125,991)
At 31 December 2019	450,000

The provision relates to commercial claims and is expected to be settled within a year.

10 Called up share capital

	2019 €	2018 €
Allotted, called up and fully paid		
6,717,247,848,669 (2018: 6,717,247,848,669) ordinary shares of £0.0000000001786 each	1,499	1,499

11 Profit and loss account

	€
At 1 January 2018	224,357,725
Loss for the financial year	(3,164,393)
At 31 December 2018	221,193,332
Loss for the financial year	(25,832,354)
At 31 December 2019	195,360,978

Vita (Holdings) Limited

Notes to the financial statements (continued)

for the year ended 31 December 2019

12 Related party transactions

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

13 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Vita (Lux III) S.à.r.l.

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 2019. The consolidated financial statements may be obtained from 15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg.

The Company's ultimate controlling party is Strategic Value Partners, 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. The ultimate parent company is Vita Global Holdings Limited.

14 Subsequent events

No event has occurred subsequent to the year end, which would have a material impact on the annual financial statements as at 31 December 2019, with the exception of the COVID-19 pandemic ("the pandemic").

As a result of the pandemic, Europe, where most of the Company's business is conducted, has seen increased uncertainty and market turmoil. Widespread population movement control and disruption to normal economic activity has adversely impacted the Company's business operations. The Company relies on inter-company liquidity support from its parent and fellow subsidiary companies ("the Group"). The Group has more than sufficient liquidity headroom to manage its normal day-to-day business and has undertaken scenario analysis to model base and downside cases, which have been updated across the first half of financial year 2020. Based on these assessments, management believe that the Company and Group will have sufficient liquidity to meet their obligations as they fall due in both base and downside scenarios