

Caligen Foam Limited
Annual report and financial statements
for the year ended 31 December 2008

Registered number 800311

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Caligen Foam Limited

Annual report and financial statements for the year ended 31 December 2008

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Caligen Foam Limited

Directors and advisors for the year ended 31 December 2008

Directors

Mr N J Burley
Mr G L Maundrell
Mr J H Menendez
Mr P J David

Secretary

Vita Industrial (UK) Limited

Independent auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Registered office

45 Pall Mall
London
SW1Y 5JG

Registered number

800311

Caligen Foam Limited

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2008.

Principal Activity

The principal activity of the Company during the year continued to be the manufacture and conversion of polyurethane foam. The activity was discontinued in the year.

Business Review

Results for the year ended 31 December 2008 were in line with expectations, given the ongoing restructuring process which commenced in 2006. The profit for the year after taxation and exceptional items was £123,738 (2007: loss of £948,237) with sales of £19,435,401 (2007: £25,184,559).

At the year end the Company had net assets of £4,256,044 (2007: £4,132,306).

During the year the Company generated £730,340 of exceptional operating income. This arose from the reversal of environmental remedial work provisions booked in the prior year. In 2007 the exceptional costs arose as a result of the finalisation of the Group-wide reorganisation and restructuring (£653,884) and the creation of a provision to cover environmental remedial work at the Company's operational locations (£853,916).

On 30 September 2008 the Company transferred its trade and assets to a fellow Group subsidiary. The transfer was done at net asset value and therefore generated neither a gain nor a loss. The directors do not expect the Company to trade in the foreseeable future.

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 Group, of which the Company is a member, 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 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.

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 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 forward exchange 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 department manages borrowings centrally. At the year end the Company had no (2007: three) forward exchange contracts in place with another Group company in a variety of currencies. The total fair value of these contracts was a liability of £nil as at 31 December 2008 (2007: £1,073).

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

Caligen Foam Limited

Directors' report for the year ended 31 December 2008 (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 and these are submitted to Group for review. The Key Performance Indicators on which the Group focuses are:

- EBITDA
- Working Capital
- Total Cash Flow

The Group has confirmed through its reviews that the KPIs have been running at a level consistent with expectations and have satisfied the underlying banking covenants.

Dividends

The directors do not propose a dividend in respect of the year ended 31 December 2008 (2007: £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 Oliver (resigned 13 July 2009)
Mr G L Maundrell
Mr N J Burley
Mr J H Menendez
Mr P J David (resigned 21 October 2008, re-appointed 2 April 2009)

The directors have no interests in the shares of Group companies that are required to be disclosed in this report.

Charitable contributions

Charitable contributions amounting to £nil (2007: £146) were made by the Company during the year.

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.

Caligen Foam Limited

Directors' report for the year ended 31 December 2008 (continued)

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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 to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director 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 provisions of s234ZA of the Companies Act 1985.

By order of the Board



Vita Industrial (UK) Limited
22 July 2009

Caligen Foam Limited

Independent auditors' report to the members of Caligen Foam Limited

We have audited the financial statements of Caligen Foam Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Manchester

22 July 2009

Caligen Foam Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	1	19,435,401	25,184,559
Cost of sales before exceptional items		(16,254,687)	(20,195,177)
Exceptional items	2	730,340	(853,916)
Cost of sales		(15,524,347)	(21,049,093)
Gross profit		3,911,054	4,135,466
Selling and distribution costs		(2,229,051)	(3,494,172)
Administrative expenses before exceptional items		(1,695,350)	(1,051,374)
Exceptional items	2	-	(653,884)
Administrative expenses		(1,695,350)	(1,705,258)
Operating loss	2	(13,347)	(1,063,964)
Interest receivable	5	92,668	146,444
Interest payable on finance leases		(9,270)	(9,931)
Profit (loss) on ordinary activities before taxation		70,051	(927,451)
Tax on profit (loss) on ordinary activities	4	53,687	(20,786)
Profit (loss) for the financial year	13	123,738	(948,237)

All results are generated from discontinued operations.

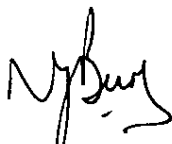
The Company has no recognised gains and losses in either year other than those included in the results above, therefore no separate statement of total recognised gains and losses has been presented.

Caligen Foam Limited

Balance sheet as at 31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	6	-	3,195,711
Current assets			
Stocks	7	-	1,434,752
Debtors (includes £4,643,632 (2007: £3,074,632) due after one year)	8	4,771,927	8,932,847
Cash at bank and in hand		-	488
		4,771,927	10,368,087
Creditors: amounts falling due within one year	9	(106,839)	(8,418,548)
Net current assets		4,665,088	1,949,539
Total assets less current liabilities		4,665,088	5,145,250
Creditors: amounts falling due after more than one year	10	(409,044)	(203,032)
Provisions for liabilities	11	-	(809,912)
Net assets		4,256,044	4,132,306
Capital and reserves			
Called up share capital	12	515,000	515,000
Share premium account	13	1,485,000	1,485,000
Profit and loss account	13	2,256,044	2,132,306
Total shareholder's funds	17	4,256,044	4,132,306

The financial statements on pages 6 to 18 were approved by the board of directors on 22 July 2009 and were signed on its behalf by:



Mr N J Burley
Director
22 July 2009

Caligen Foam Limited

Accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 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 accounting

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

Research and development

Research and development costs are written off in the year of expenditure.

Tangible fixed assets

Fixed assets are shown at cost, net of depreciation and any provision for impairment. 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 – 33
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

The company contributes to two defined benefit group pension schemes operated by British Vita Unlimited. Pension costs are accounted for as if the schemes were defined contribution schemes, under paragraph 12 of FRS 17, 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 forward exchange 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 forward exchange 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.

Caligen Foam Limited

Accounting policies (continued)

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 on despatch.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful economic lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital payments outstanding. Hire purchase transactions are dealt with similarly, except the assets are depreciated over their useful economic lives.

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 British Vita Group S.à.r.l., which produces consolidated financial statements that are publicly available. Consequently, the Company is exempt from the requirement of Financial Reporting Standard 1 "Cash flow statements" (Revised 1996) to prepare a cash flow statement.

Caligen Foam Limited

Notes to the financial statements for the year ended 31 December 2008

1 Turnover

The geographical analysis of turnover by destination is as follows:

	2008 £	2007 £
Continental Europe	5,379,308	7,089,505
United Kingdom	11,999,563	16,601,221
Rest of World	2,056,530	1,493,833
	19,435,401	25,184,559

2 Operating loss

Operating loss is stated after charging / (crediting):	2008 £	2007 £
Depreciation of tangible fixed assets:		
- owned assets	553,009	642,709
- held under finance leases	40,014	13,338
Exceptional rationalisation and reorganisation (income) costs	-	653,884
Exceptional environmental remedial work	(730,340)	853,916
(Profit) loss on disposal of fixed assets	-	(14,716)
Operating leases:		
- property	300,351	443,678
- plant and machinery	38,102	15,172
Research and development	15,194	68,328
Auditors' remuneration for audit services	14,000	13,500

The exceptional (income) costs were included in cost of sales £730,340 (2007: £853,916) and administrative expenses £nil (2007: £653,884).

Caligen Foam Limited

Notes to the financial statements (continued) for the year ended 31 December 2008

3 Directors and employees

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

	2008 £	2007 £
Wages and salaries	3,144,772	5,373,041
Social security costs	350,075	537,417
Other pensions costs (see note 18)	298,748	551,186
	3,793,595	6,461,644

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

	2008 Number	2007 Number
By activity		
Administration	15	35
Selling and distribution	17	25
Production	94	135
	126	195

The directors received no emoluments for services in the year or the preceding year.

The number of directors who were members of group pension schemes was as follows:

	2008 Number	2007 Number
Defined benefit schemes	1	1

Caligen Foam Limited

Notes to the financial statements (continued) for the year ended 31 December 2008

4 Taxation

	2008 £	2007 £
Current tax		
United Kingdom corporation tax at 28.5% (2007: 30%)	100,435	4,253
Adjustment in respect of previous years	(154,122)	16,533
Total current tax	(53,687)	20,786
Tax on profit (loss) on ordinary activities	(53,687)	20,786

The tax assessed for the year differs from the effective rate of Corporation tax in the UK (28.5%). The differences are explained as follows:

	2008 £	2007 £
Profit (loss) on ordinary activities before taxation	70,051	(927,451)
Tax on profit (loss) on ordinary activities at effective UK Corporation tax rate of 28.5% (2007: 30%)	19,965	(278,235)
Net expenses not deductible for tax purposes	5,047	89,428
Capital allowances less than depreciation	163,965	193,060
Adjustment in respect of previous year	(154,122)	16,533
Utilisation of tax losses	(88,542)	-
Current tax (credit) charge for the year	(53,687)	20,786

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

Potential deferred tax assets of £nil (2007: £0.3m) have not been recognised in respect of losses carried forward and fixed asset timing differences, as it is considered the degree of certainty around the future is not sufficient to prudently recognise these assets.

Caligen Foam Limited

Notes to the financial statements (continued) for the year ended 31 December 2008

5 Interest receivable

	2008 £	2007 £
Bank interest	-	920
Intercompany loan interest	92,668	145,524
	92,668	146,444

6 Tangible fixed assets

	Plant and machinery and motor vehicles £
Cost	
At 1 January 2008	19,531,351
Additions	71,463
Group transfers	(19,602,814)
At 31 December 2008	-
Accumulated depreciation	
At 1 January 2008	16,335,640
Charge for the year	593,023
Group transfers	(16,928,663)
At 31 December 2008	-
Net book value	
At 31 December 2008	-
At 31 December 2007	3,195,711

At 31 December 2008 the net book value of assets held under finance lease was £nil (2007: £256,792) and the depreciation charge on those assets for the year was £40,014 (2007: £13,338).

Caligen Foam Limited

Notes to the financial statements (continued) for the year ended 31 December 2008

7 Stocks

	2008 £	2007 £
Raw materials and consumables	-	699,757
Work in progress	-	394,359
Finished goods and goods for resale	-	340,636
	-	1,434,752

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

8 Debtors

	2008 £	2007 £
Trade debtors	-	1,983,939
Amounts owed by group undertakings (includes £4,643,632 (2007: £3,074,632) due after one year)	4,771,927	6,518,966
Other debtors	-	135,668
Prepayments and accrued income	-	294,274
	4,771,927	8,932,847

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts	-	3,403,623
Amounts payable under finance leases	-	42,096
Trade creditors	-	3,998,357
Amounts owed to group undertakings	43,890	180,297
Corporation tax	62,949	29,976
Other taxation and social security	-	145,351
Other creditors	-	59,188
Accruals and deferred income	-	559,660
	106,839	8,418,548

Caligen Foam Limited

Notes to the financial statements (continued) for the year ended 31 December 2008

10 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Amounts payable under finance leases	-	203,032
Amounts owed to group undertakings	409,044	-
	409,044	203,032

Finance leases are repayable as follows:

	2008 £	2007 £
Between one and two years	-	46,212
Between two and five years	-	145,614
After five years	-	11,206
	-	203,032
Within one year	-	42,096
	-	245,128

11 Provisions for liabilities

Environmental remedial provision	£
At 1 January 2008	809,912
Released	(730,340)
Transferred to fellow group entity	(79,572)
At 31 December 2008	-

The provision brought forward is in respect of environmental remedial work that was required at the Company's operational location.

Caligen Foam Limited

Notes to the financial statements (continued) for the year ended 31 December 2008

12 Called up share capital

	2008 £	2007 £
Authorised		
500,000 ordinary shares of 25p each	125,000	125,000
400,000 ordinary shares of £1 each	400,000	400,000
	525,000	525,000
Allotted, called up and fully paid		
460,000 ordinary shares of 25p each	115,000	115,000
400,000 ordinary shares of £1 each	400,000	400,000
	515,000	515,000

13 Reserves

	Share premium account £	Profit and loss account £
At 1 January 2008	1,485,000	2,132,306
Profit for the year	-	123,738
At 31 December 2008	1,485,000	2,256,044

14 Capital commitments

The Company had no commitments for capital expenditure contracted for, but not provided, at either year end.

Caligen Foam Limited

Notes to the financial statements (continued) for the year ended 31 December 2008

15 Contingent liabilities

The Company has given guarantees to its bankers in respect of advances to certain group undertakings. The directors are of the opinion that no liability is likely to arise.

16 Operating lease commitments

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

	Property		Plant and machinery	
	2008 £	2007 £	2008 £	2007 £
Within one year	-	-	-	47,021
Between two and five years	-	-	-	-
After five years	-	486,675	-	-
	-	486,675	-	47,021

17 Reconciliation of movements in shareholder's funds

	2008 £	2007 £
Profit (loss) for the financial year	123,738	(948,237)
Opening shareholder's funds	4,132,306	5,080,543
Closing shareholder's funds	4,256,044	4,132,306

Caligen Foam Limited

Notes to the financial statements (continued) for the year ended 31 December 2008

18 Pension arrangements

FRS 17

The Group operates two defined benefit schemes. However, contributions paid by the Company are accounted for as if the schemes were defined contribution scheme, 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 schemes at 31 December 2008 had a surplus of £88.4m (2007: £25.6m).

The pension charge for the year was £298,748 (2007: £551,186).

19 Related party transactions

The company has taken advantage of the exemption under paragraph 3(C) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that throughout the year it was a wholly owned subsidiary of a group headed by the British Vita Group S. à.r.l, whose accounts are publicly available.

20 Ultimate parent undertaking and controlling party

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

At the year end the Company's ultimate parent undertaking was British Vita Group S.à.r.l., a company incorporated in Luxembourg.

British Vita Group S.à.r.l. is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2008. The consolidated financial statements of British Vita Group S.à.r.l may be obtained from Goldbell Center, 5 rue Eugene Ruppert, L -1882, Luxembourg.

At the year end the Company's ultimate controlling party was TPG Partners IV,LP, a partnership incorporated in the USA. However after the refinancing that occurred post year end, see note 21, the Directors are of the opinion that there is no overall controlling party.

21 Post balance sheet events

On 22 April 2009 the UK Courts approved a Scheme of Arrangement whereby the third party external debt owed by The Vita Group (the ultimate holding company and fellow subsidiary companies) to its two lender syndicates was reduced by €590m, and new money of €95m was made available. This significantly enhances the liquidity of The Vita Group and management now believe The Vita Group is adequately resourced for the foreseeable future.