

Strix (U.K.) Limited

**Directors' report and financial statements
for the year ended 31 December 2018**

Registered number: 02570237 (England and Wales)



Strix (U.K.) Limited

Company Information

Directors: M V E Bartlett
R L Wong
N E Gibbs
S T Charlesworth

Secretary: P D Taylor

Company number: 02570237

Registered office: Dodleston House
Bell Meadow Business Park
Park Lane
Pulford
Chester
United Kingdom
CH4 9EP

Independent auditor: PricewaterhouseCoopers LLC
Sixty Circular Road
Douglas
Isle of Man
IM1 1SA

Bankers: Royal Bank of Scotland International
2 Athol Street
Douglas
IM1 2SG

Strix (U.K.) Limited

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Strix (U.K.) Limited

Directors' report for the year ended 31 December 2018

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2018. The Company has applied Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101").

Principal activity

The principal activity of the Company is support for the Group's sales of water boiling and water filtration appliances.

Review of the business, future developments, results for the year and dividends

The results of the Company and the state of the Company's affairs for the year ended 31 December 2018 are laid out in the accompanying financial statements.

The Company made a profit after taxation for the year of £52,915 (2017: profit of £56,380), which the Directors consider to be satisfactory. The Directors believe the prospects for the coming year will be consistent with this result. The Directors do not recommend the payment of a dividend for the year (2017: nil) and propose that the profit of £52,915 (2017: profit of £56,380) be transferred to the retained deficit.

Going concern

The Directors acknowledge that the Company is in a net liability position at the balance sheet date. The Group in which this Company is included has external non-current borrowings, which include financial covenants. The Group's current forecasts and projections, taking account of reasonably possible trading performance, show that the Group is able to operate within the current covenant requirements for the duration of its commitments and beyond. The first half trading performance is consistent with these assumptions. The Group is highly cash generative and is using the cash generated from operations to pay down its external non-current borrowings.

In addition, a letter of support has been issued by the ultimate parent entity to the Company, confirming that it will provide such financial support as is necessary for the Company to meet its liabilities as they fall due for at least 12 months after the date these financial statements are signed. Accordingly, the Company's financial statements are prepared on a going concern basis.

Directors

The following Directors have held office during the year and to the date of this report:

- M V E Bartlett
- R L Wong
- N E Gibbs
- S T Charlesworth

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, 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.

Strix (U.K.) Limited

Directors' report for the year ended 31 December 2018 (cont.)

In preparing these 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 a 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.

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.

Statement of disclosure of information to auditors

In the case of each of the persons who are Directors at the time the Directors' report and the financial statements are approved, under Section 418 of the Companies Act 2006, the following applies:

- (a) so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) 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 auditor is aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Independent auditor

The auditor, PricewaterhouseCoopers LLC, has indicated its willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board:



P D Taylor
Company Secretary
Strix (U.K.) Limited
Company number: 02570237

27 June 2019

Strix (U.K.) Limited

Independent auditor's report to the member of Strix (U.K.) Limited Report on the audit of the financial statements

Opinion

In our opinion, Strix (U.K.) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the Directors' report and financial statements 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 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.

Strix (U.K.) Limited

Independent auditor's report to the member of Strix (U.K.) Limited (cont.)

Report on the audit of the financial statements (cont.)

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 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 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, 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.

Auditor's 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 member 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.

Strix (U.K.) Limited

Independent auditor's report to the member of Strix (U.K.) Limited (cont.)

Report on the audit of the financial statements (cont.)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Ian Clague BSc FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLC
Chartered Accountants and Statutory Auditors
Douglas, Isle of Man

27 June 2019

Strix (U.K.) Limited

Statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £	2017 £
Revenue		1,111,221	1,180,000
Cost of sales		(1,010,671)	(1,033,720)
Gross profit		100,550	146,280
Administrative expenses – before exceptional items		(38,119)	(29,987)
Administrative expenses – exceptional items	5(b)	(9,516)	(59,913)
Administrative expenses		(47,635)	(89,900)
Operating profit	5	52,915	56,380
Profit before taxation		52,915	56,380
Taxation	6	-	-
Profit for the financial year		52,915	56,380
Total comprehensive income for the year		52,915	56,380

The notes on pages 9 to 19 form an integral part of these financial statements.

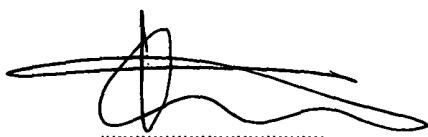
Strix (U.K.) Limited

Balance sheet

as at 31 December 2018

	Note	2018 £	2017 £
Non-current assets			
Property, plant and equipment	7	-	-
Current assets			
Other receivables	8	988,023	934,708
Cash and cash equivalents		20,842	20,348
		1,008,865	955,056
Creditors: amounts falling due within one year	9	(2,317,688)	(2,316,794)
Net current liabilities		(1,308,823)	(1,361,738)
Net liabilities		(1,308,823)	(1,361,738)
Capital and reserves			
Share capital	10	1,000,100	1,000,100
Retained deficit		(2,308,923)	(2,361,838)
Total equity		(1,308,823)	(1,361,738)
Represented by:			
Equity interests		(1,308,823)	(1,361,738)
		(1,308,823)	(1,361,738)

The financial statements on pages 6 to 19 which have been prepared in accordance with the provisions applicable to companies subject to the small companies regime, were approved by the board and authorised for issue on 27 June 2019 and signed on its behalf by:



R L Wong
Director

Strix (U.K.) Limited

Statement of changes in equity for the year ended 31 December 2018

	Share capital £	Retained deficit £	Total £
Balance as at 1 January 2017	1,000,100	(2,418,218)	(1,418,118)
Total comprehensive income for the year	-	56,380	56,380
Balance as at 31 December 2017	1,000,100	(2,361,838)	(1,361,738)
Balance as at 1 January 2018	1,000,100	(2,361,838)	(1,361,738)
Total comprehensive income for the year	-	52,915	52,915
Balance as at 31 December 2018	1,000,100	(2,308,923)	(1,308,823)

The notes on pages 9 to 19 form an integral part of these financial statements.

Strix (U.K.) Limited

Notes to the financial statements for the year ended 31 December 2018

1. General information

The Company is domiciled in the United Kingdom and was incorporated under the Companies Act 2006. The Company is a private company limited by shares. The address of its registered office is Dodleston House, Bell Meadow Business Park, Park Lane, Pulford, Chester, CH4 9EP.

The principal activity of the Company is support for the Group's sales of water boiling and water filtration appliances.

2. Summary of significant accounting policies

A summary of the principal accounting policies of the Company, which have been applied consistently through the year, is set out below.

2.1. Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention. The financial statements of Strix (U.K.) Limited have been prepared in accordance with United Kingdom Accounting Standards comprising FRS 101 "Reduced Disclosure Framework" ('FRS 101') and with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

2.2. Going concern

The Company meets its day-to-day working capital requirements through its cash held. The Directors have a reasonable expectation that the Company and Group of which it is part has adequate resources to continue in operational existence for the foreseeable future as explained more fully in note 3. In addition, a letter of support has been issued by the ultimate parent entity to the Company, confirming that it will provide such financial support as is necessary for the Company to meet its liabilities as they fall due for at least 12 months after the date these financial statements are signed. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3. Exemptions under FRS 101

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

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;

Strix (U.K.) Limited

Notes to the financial statements for the year ended 31 December 2018 (cont.)

2.3 Exemptions under FRS 101 (cont.)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for a minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

2.4. Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in pounds sterling ('£'), which is also the Company's functional currency.

2.5. Foreign currency transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income.

2.6. Revenue recognition

Revenue represents the amounts invoiced to the immediate parent company, Strix Limited, net of VAT, rebates, returns and discounts. It is derived from the principal activities of the Company. Revenue is recognised in the accounting period in which the services are rendered and can be reliably estimated.

2.7. Exceptional items

Items that are material in size, unusual or infrequent in nature are included in the statement of comprehensive income as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

2.8. Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is rendered. The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Strix (U.K.) Limited

Notes to the financial statements for the year ended 31 December 2018 (cont.)

2.8. Employee benefits (cont.)

(ii) Pension scheme

The Group operates a defined contribution scheme for the benefit of its employees, which employees of the Company are eligible to join. Pension costs relating to the pension scheme represent contributions payable by the Company to independently administered funds. Contributions payable are charged to the statement of comprehensive income in the year they are payable.

2.9. Taxation

Taxation expense for the year comprises current tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

2.10. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for intended use, dismantling and restoration costs.

Depreciation is calculated using the straight line method to write off the cost less estimated residual value of each asset over its expected use life, as follows:

- Plant and machinery 3 – 10 years
- Fixtures, fittings and equipment 2 – 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Any gain or loss arising from derecognition of an asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Repairs and maintenance costs are expensed as incurred.

2.11. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.12. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, impairment losses are not material.

Strix (U.K.) Limited

Notes to the financial statements for the year ended 31 December 2018 (cont.)

2.13. Financial assets and financial liabilities

The Company has elected not to restate comparative information as a consequence of the application of IFRS 9 as the amounts involved are immaterial. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy, which is set out below, together with the accounting policies applied from 1 January 2018.

Financial assets – applied until 31 December 2017

2.13.1. Classification

The Company classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

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, unless they have a maturity or collection date greater than 12 months after the end of the reporting period. The Company's loans and receivables comprise other receivables (excluding prepayments) and cash and cash equivalents in the balance sheet.

2.13.2. Recognition and measurement

Loans and receivables are initially recognised at fair value, and are subsequently carried at amortised cost using the effective interest method.

2.13.3. Impairment of financial assets

The Company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliability measured.

Financial assets – applied from 1 January 2018

2.13.4. Classification

The Company classifies its financial assets as financial assets held at amortised cost. Management determines the classification of its financial assets at initial recognition.

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Strix (U.K.) Limited

Notes to the financial statements

for the year ended 31 December 2018 (cont.)

2.13.5. Recognition and measurement

Financial assets held at amortised cost are initially recognised at fair value, and are subsequently stated at amortised cost using the effective interest method. Financial assets at amortised cost comprise cash and cash equivalents and other receivables (excluding prepayments). Other receivables relate to balances due from fellow subsidiaries of Strix Group Plc.

2.13.6. Impairment of financial assets

From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the expected credit loss model to financial assets at amortised cost. For amounts owed by Group undertakings, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Given the nature of the Company's receivables there are no expected lifetime losses.

2.14. Financial liabilities

2.14.1. Classification

The Company initially recognises its financial liabilities at fair value net of transaction costs where applicable and subsequently they are measured at amortised cost using the effective interest method. Financial liabilities comprise amounts owed to Group undertakings.

They are included in current liabilities, unless they have a repayment date greater than 12 months after the end of the reporting period.

2.15. Share capital

Ordinary shares are classified as equity.

Strix (U.K.) Limited

Notes to the financial statements for the year ended 31 December 2018 (cont.)

3. Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amount of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Going concern

The Directors acknowledge that the Company is in a net liability position at the balance sheet date. The Group in which this Company is included has external non-current borrowings, which include financial covenants. The Group's current forecasts and projections, taking account of reasonably possible trading performance, show that the Group is able to operate within the current covenant requirements for the duration of its commitments and beyond. The first half trading performance is consistent with these assumptions. The Group is highly cash generative and is using the cash generated from operations to pay down its external non-current borrowings.

In addition, a letter of support has been issued by the ultimate parent entity to the Company, confirming that it will provide such financial support as is necessary for the Company to meet its liabilities as they fall due for at least 12 months after the date these financial statements are signed. Accordingly, the Directors have prepared these financial statements on a going concern basis. In making this judgement, the Directors have considered the Company's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of the situation in the financial markets on the operations of the Company.

Strix (U.K.) Limited

Notes to the financial statements for the year ended 31 December 2018 (cont.)

4. Employees and Directors

(a) Employee benefit expenses

	2018	2017
	£	£
Wages, salaries and bonuses	756,430	835,328
Social security costs	100,392	87,347
Health insurance contributions	17,603	22,728
Defined contribution pension cost (note 4(b))	127,525	81,045
Total employee benefit expenses	1,001,950	1,026,448

(b) Retirement benefits

The Strix Limited Retirement Fund is a defined contribution scheme, administered by the Group to which Strix (U.K.) Limited belongs, under which the assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents costs payable by the Group to the fund and amounted to £127,525 (2017: £81,045).

(c) Number of employees

The average monthly number of employees (including Directors) employed by the Company during the year was 15 (2017: 13). All of these employees were in Administration.

(d) Director's emoluments

Total Director's emoluments paid by the Company, which relate to one Director (who was also the highest paid Director) were:

	2018	2017
	£	£
Total emoluments	114,147	349,756
Defined contribution pension cost (note 4(b))	11,415	11,177
Total	125,562	360,933

There were no Directors accruing post-employment benefits under a defined benefit scheme.

Strix (U.K.) Limited

Notes to the financial statements for the year ended 31 December 2018 (cont.)

5. Operating profit

(a) Operating profit is stated after charging:

	2018	2017
	£	£
Employee benefit expense	1,001,950	1,026,448
Operating lease payments	20,630	14,510
Exceptional items – strategic projects	9,516	-
Exceptional items – exit costs	-	59,913
Auditor's remuneration	4,000	4,000

(b) Exceptional items

Strategic project costs relates to certain projects being undertaken to support the achievement of the Group's strategic plans. The exit costs were incurred by the Company relating to a potential sale of a company in the Group under the previous ownership structure.

6. Taxation

The tax assessed for the year is lower than the standard rate of income tax in the United Kingdom of 18.25% (2017: 19.25%). The differences are explained below.

	2018	2017
	£	£
Profit on ordinary activities before tax	52,915	56,380
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 18.25% (2017: 19.25%)	9,657	10,853
Effect of tax losses carried forward	(9,657)	(10,853)
Total taxation charge	-	-

The Company is subject to UK Corporation tax on profits at the rate of 18.25% (2017: 19.25%). The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 19% to 18% from 1 April 2018. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to 17% effective from 1 April 2020.

Strix (U.K.) Limited

Notes to the financial statements for the year ended 31 December 2018 (cont.)

7. Property, plant and equipment

2018			
	Plant & machinery	Fixtures & fittings	Total
	£	£	£
At 1 January			
Cost	-	32,829	32,829
Accumulated depreciation	-	(32,829)	(32,829)
Net book value	-	-	-
Year ended 31 December			
Closing net book value	-	-	-
At 31 December			
Cost	-	32,829	32,829
Accumulated depreciation	-	(32,829)	(32,829)
Net book value	-	-	-

No assets were derecognised in 2018.

2017			
	Plant & machinery	Fixtures & fittings	Total
	£	£	£
At 1 January			
Cost	8,064	108,593	116,657
Accumulated depreciation	(8,064)	(108,593)	(116,657)
Net book value	-	-	-
Year ended 31 December			
Closing net book value	-	-	-
At 31 December			
Cost	-	32,829	32,829
Accumulated depreciation	-	(32,829)	(32,829)
Net book value	-	-	-

During 2017, £83,828 of assets with a net book value of zero were derecognised.

Strix (U.K.) Limited

Notes to the financial statements for the year ended 31 December 2018 (cont.)

8. Other receivables

	2018	2017
	£	£
Amounts owed by Group undertakings	979,539	927,224
Prepayments	8,484	7,484
	988,023	934,708

The amounts owed by Group undertakings are unsecured, interest free, have no fixed date for repayment and are repayable on demand.

9. Creditors: amounts falling due within one year

	2018	2017
	£	£
Amounts owed to Group undertakings	2,272,132	2,168,985
Taxation and social security	28,824	39,772
Accruals	16,732	108,037
	2,317,688	2,316,794

The amounts owed to Group undertakings are unsecured, interest free, have no fixed date for repayment and are repayable on demand. The main creditor, the Company's immediate parent, has given an undertaking that it does not intend to seek repayment from the Company for the foreseeable future.

10. Share capital

Ordinary shares of £1 each:	No.	£
Allotted and fully paid		
At 1 January 2018	1,000,100	1,000,100
Issued during the year	-	-
At 31 December 2018	1,000,100	1,000,100

Strix (U.K.) Limited

Notes to the financial statements

for the year ended 31 December 2018 (cont.)

11. Operating lease commitments

The Company leases office space under a non-cancellable operating lease. The lease term is for a period of 3 years with an option to extend for a further 3 years. The lease has various escalation clauses and renewal rights. The lease expenditure charged to the statement of comprehensive income during the year is disclosed in note 5. Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2018	2017
	£	£
Within 1 year	20,314	17,436
Later than 1 year and less than 5 years	80,279	43,506
After 5 years	-	-
	100,593	60,942

12. Ultimate beneficial owner and intermediate parent company

The immediate parent is Strix Limited, which is incorporated in the Isle of Man. The ultimate parent company is Strix Group Plc, a company registered in the Isle of Man, which is listed on the Alternative Investment Market of the London Stock Exchange.

The Directors consider that there is no ultimate controlling party.

The largest and smallest group for which consolidated financial statements are drawn up which include this Company is Strix Group Plc. Copies of the Strix Group Plc consolidated financial statements can be obtained from Forrest House, Ronaldsway, Isle of Man, IM9 2RG or from the Group's website which is located at www.strixplc.com.

13. Post balance-sheet events

Incorporation of Strix (USA), Inc

On 14 February 2019 Strix (USA), Inc was incorporated in the state of Washington, United States of America. Strix (USA), Inc is a wholly owned subsidiary of the Company.