Company Registration No. 04107833

KOHLER HOLDINGS LTD.

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2020

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KOHLER HOLDINGS LTD.

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2020

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KOHLER HOLDINGS LTD.

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	H V Kohler T G Adler
REGISTERED OFFICE:	Whaddon Works Cromwell Road Cheltenham Gloucestershire GL52 5EP
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP 2 Glass Wharf Temple Quay Bristol BS2 0FR United Kingdom

STRATEGIC REPORT

The directors present their strategic report on the group for the year ended 31 December 2020. These financial statements for the year ended 31 December 2020 are based on FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Following the disposal of all its trading subsidiaries in April 2017, the group's operation has only been non-trading activities, consisting principally of earning interest on intercompany loans.

The group's profit of $6,727,000 for the year is solely due to net finance income on intercompany loans together with foreign exchange differences thereon.

The directors do not expect there to be any further changes to the group's operations in the foreseeable future.

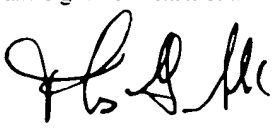
KEY PERFORMANCE INDICATORS

The Kohler group is managed on a divisional basis rather than by legal entity, based on financial information prepared under US GAAP. Hence the KPI's used internally to manage the business are not relevant to an understanding of these financial statements, which are prepared under FRS 102. The directors believe that the key measure relevant to these financial statements is profit for the financial year, as discussed above.

PRINCIPAL RISKS AND UNCERTAINTIES

The group is now only exposed to the risk of the irrecoverability of its financial investments and intercompany receivables. There are currently no indicators of impairment of these balances, but the directors will periodically assess whether this risk changes.

Approved by the Board of Directors
and signed on behalf of the Board



T G Adler
Director
2 September 2021

KOHLER HOLDINGS LTD.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the group and company for the year ended 31 December 2020.

FUTURE DEVELOPMENTS

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

RESULTS AND DIVIDENDS

The group profit for the financial year was $6,727,000 (2019 – $9,043,000).

The directors do not propose a dividend (2019 – $nil).

DIRECTORS

The directors of the company, who were in office during the year and up to the date of signing the financial statements, are shown on page 1.

DIRECTORS LIABILITY INSURANCE

Qualifying third party indemnity insurance was in place for all directors during the year and continues to be in place at the date of the approval of these financial statements.

FINANCIAL RISK MANAGEMENT

The group has specific policies and guidelines to manage financial risks and these policies are implemented by the group's finance department. Following the disposal of the trading subsidiaries in 2017, the group's financial risks now relate only to the recoverability of intercompany loans, foreign exchange and interest rate exposure thereof.

GOING CONCERN

These financial statements are prepared on the going concern basis. The group and company only generate cash through interest and repayments of intercompany loans and are therefore dependent on the ability of other companies within the Kohler Co. group to make such payments. The Kohler Co. group remains financially very strong, despite the general global economic downturn caused by Covid-19, and therefore after careful consideration, the directors have a reasonable expectation that the company will have adequate resources to continue to meet its debts as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware there is no relevant audit information of which the group and company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to remain in office going forward.

Approved by the Board of Directors
and signed on behalf of the Board

T G Adler
Director
2 September 2021

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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and 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 102, 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 group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and 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 group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Kohler Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kohler Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2020; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements 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 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or

otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries at a Group level. Audit procedures performed by the engagement team included:

- Discussions with management and internal audit to enquire of any known instances of non compliance with Laws and Regulations and Fraud;
- Reading board minutes for evidence of breaches of regulations and reading relevant correspondence;
- Testing journal entries upon consolidation;
- Testing the tax provision to ensure it is based on relevant UK tax legislation.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

10 September 2021

KOHLER HOLDINGS LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2020

	Note	2020	2019
		S'000	S'000
TURNOVER		-	-
Other operating income	5	1,117	2,109
Finance income	7	8,796	13,154
Finance costs	8	(2,081)	(3,203)
PROFIT BEFORE TAXATION		7,832	12,060
Tax on profit	9	(1,105)	(3,017)
PROFIT FOR THE FINANCIAL YEAR		6,727	9,043
Other Comprehensive Income		-	-
Total Comprehensive Income		6,727	9,043
Total Comprehensive Income Attributable to:			
Owners of the parent		6,727	9,043
Non-controlling interests		-	-
		6,727	9,043

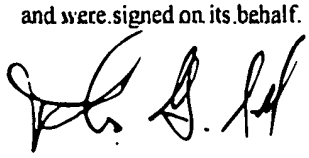
KOHLER HOLDINGS LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	As at 31 December 2020		As at 31 December 2019	
		S'000	S'000	S'000	S'000
CURRENT ASSETS					
Trade and other receivables					
- amounts falling due within one year	11	287,066		379,338	
Cash		5,648		246	
		292,714		379,584	
TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(684)		(8,126)	
NET CURRENT ASSETS			292,030		371,458
TOTAL ASSETS LESS CURRENT LIABILITIES			292,030		371,458
TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13		-		(86,155)
NET ASSETS			292,030		285,303
EQUITY					
Called up share capital	16		198,364		198,364
Share premium account			48,306		48,306
Retained earnings			45,360		38,633
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			292,030		285,303
TOTAL EQUITY			292,030		285,303

The notes on pages 14 to 22 are an integral part of these financial statements.

The financial statements on pages 8 to 22 were authorised for issue by the board of directors on 2 September 2021 and were signed on its behalf.



T G Adler
Director

Kohler Holdings Ltd.
Registered No. 04107833

KOHLER HOLDINGS LTD.

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	As at 31 December 2020		As at 31 December 2019	
		$'000	$'000	$'000	$'000
FIXED ASSETS					
Investments	10		204,633		294,733
			204,633		294,733
CURRENT ASSETS					
Cash		2,130			
		2,130			
TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(2)		(70,424)	
NET CURRENT ASSETS / (LIABILITIES)			2,128		(70,424)
TOTAL ASSETS LESS CURRENT LIABILITIES			206,761		224,309
TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13		-		(86,155)
NET ASSETS			206,761		138,154
EQUITY					
Called up share capital	16		198,364		198,364
Share premium account			48,306		48,306
Accumulated losses			(39,909)		(108,516)
TOTAL EQUITY			206,761		138,154

No income statement is presented for Kohler Holdings Ltd., as permitted by s408 of the Companies Act 2006. The result for the year is a profit of $68,607,000 (2019: loss of $3,159,000).

The notes on 14 to 22 are an integral part of these financial statements.

The financial statements on pages 8 to 22 were authorised for issue by the board of directors on 2 September 2021 and were signed on its behalf.

T G Adler
Director

Kohler Holdings Ltd.
Registered No. 04107833

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Called up share capital	Share premium account	Retained earnings	Total Equity attributable to the owners of the parent	Total equity
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2019	198,364	48,306	29,590	276,260	276,260
Profit and total comprehensive income for the financial year	-	-	9,043	9,043	9,043
Balance as at 31 December 2019	198,364	48,306	38,633	285,303	285,303
Balance as at 1 January 2020	198,364	48,306	38,633	285,303	285,303
Profit and total comprehensive income for the financial year	-	-	6,727	6,727	6,727
Balance as at 31 December 2020	198,364	48,306	45,360	292,030	292,030

COMPANY STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Called-up share capital $'000	Share premium account $'000	Accumulated losses $'000	Total equity $'000
Balance as at 1 January 2019	198,364	48,306	(105,357)	141,313
Loss for the financial year	-	-	(3,159)	(3,159)
Balance as at 31 December 2019	198,364	48,306	(108,516)	138,154
Balance as at 1 January 2020	198,364	48,306	(108,516)	138,154
Profit for the financial year	-	-	68,607	68,607
Balance as at 31 December 2020	198,364	48,306	(39,909)	206,761

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Net cash used in operating activities	14	(488)	(438)
Taxation paid		(1,339)	(3,005)
Net cash generated from/(used in) from operating activities		(1,827)	(3,443)
Cash flow from investing activities			
Interest income received		33	-
Loans repaid by/(to) group undertakings		102,642	(5,739)
Net cash generated from/(used in) investing activities		102,675	(5,739)
Cash flow from financing activities			
Interest expense paid		(2,081)	-
Loans (repaid to)/from group undertakings		(93,365)	7,167
Net cash (used in)/generated from from financing activities		(95,446)	7,167
Net increase/(decrease) in cash and cash equivalents		5,402	(2,015)
Cash and cash equivalents at the beginning of the year		246	2,261
Cash and cash equivalents at the end of the year		5,648	246

The company is a qualifying entity per the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company Statement of cash flows.

1. GENERAL INFORMATION

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Whaddon Works, Cromwell Road, Cheltenham, Gloucestershire GL52 5EP.

2. STATEMENT OF COMPLIANCE

The group and individual financial statements of Kohler Holdings Ltd. have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the s accounting policies of the group and the company.

The accounting policies adopted, which have been applied consistently throughout the current and the prior reporting period, are described below.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

Going concern

These financial statements are prepared on the going concern basis. The group and company only generate cash through interest and repayments of intercompany loans and are therefore dependent on the ability of other companies within the Kohler Co. group to make such payments. The Kohler Co. group remains financially very strong, despite the general global economic downturn caused by Covid-19, and therefore after careful consideration, the directors have a reasonable expectation that the company will have adequate resources to continue to meet its debts as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain exemptions.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a company statement of cash flows.

3. ACCOUNTING POLICIES (*continued*)

Basis of consolidation

The group financial statements consolidate the financial statements of Kohler Holdings Ltd. and all its subsidiaries made up to 31 December 2020. A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Audit of subsidiaries

Through the issue by Kohler Holdings Ltd. of an irrevocable and unconditional guarantee relating to their liabilities, the following subsidiary is exempt from the requirement relating to audit of financial statements under S479A of the Companies Act 2006:

Company	Company Registration number
Powerwave Energy Limited	06537397

Functional and presentational currency

The company's presentational currency as well as its functional currency is US dollars.

Foreign currency

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses are presented in the income statement within 'Other operating costs'.

The trading results of group entities are translated into the presentational currency at the average exchange rates for the period. The assets and liabilities of overseas entities, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the period end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Investments - Company

Investment in subsidiary company is held at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

3. ACCOUNTING POLICIES (continued)

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities
Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one period or less. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3. ACCOUNTING POLICIES (continued)

Related party transactions

The group discloses transactions with related parties which are not wholly owned with the same group.

Critical accounting judgements and estimates

The preparation of the financial statements requires management to make judgements and estimates in applying the group's accounting policies. There were no key judgments identified in the preparation of these financial statements.

There are no estimates considered significant in the context of these financial statements that are likely to materially alter the carrying value of assets and liabilities in the next twelve months.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors were the only employees of the company during the current and prior reporting period. No remuneration was paid to the directors during the current or prior reporting period; however, remuneration was paid to the directors by Kohler Co., of which they are also directors, for services to the group as a whole. It is not practicable to allocate remuneration between companies of which they are directors.

5. OTHER OPERATING INCOME/(EXPENSES)

	Year ended 31 Dec 2020 $'000	Year ended 31 Dec 2019 $'000
Other Operating Income/(Expenses) is stated after crediting/(charging)		
Gain/(Loss) on foreign exchange	1,117	(2,109)

The analysis of Auditors' remuneration is as follows:

	Year ended 31 Dec 2020 $'000	Year ended 31 Dec 2019 $'000
Fees payable to the company's auditors and their associates for the audit of the parent company and the Group's consolidated financial statements	17	17
Total audit fees	17	17

6. EMPLOYEES AND DIRECTORS

There were no employees in the group during the year ended 31 December 2020 nor the year ended 31 December 2019.

The directors receive their emoluments from Kohler Co. Their emoluments are deemed to relate primarily to the services provided to Kohler Co., with their services to the company being non-executive in nature.

7. FINANCE INCOME

	Year ended 31 Dec 2020 $'000	Year ended 31 Dec 2019 $'000
Interest receivable from group entities	8,796	13,154
	8,796	13,154

8. FINANCE COSTS

	Year ended 31 Dec 2020 $'000	Year ended 31 Dec 2019 $'000
Interest payable to group entities	2,081	3,159
Other interest	-	44
	2,081	3,203

9. TAX ON PROFIT

	Year ended 31 Dec 2020 $'000	Year ended 31 Dec 2019 $'000
The tax charge comprises:		
Current tax		
UK corporation tax	1,095	1,785
Adjustments in respect of prior periods		
- UK corporation tax	11	1,232
	1,105	3,017
Foreign tax	-	-
Total current tax	1,105	3,017
Total tax on profit	1,105	3,017

The difference between the total tax shown above and the amount calculated by applying the rate of UK corporation tax to the profit before taxation is as follows:

	Year ended 31 Dec 2020 $'000	Year ended 31 Dec 2019 $'000
Profit before taxation	7,782	12,060
Tax on profit at UK corporation tax rate at 19% (2019 – 19%)	1,488	2,292
Effects of:		
Expenses not deductible for tax purposes	335	603
Adjustments in respect of prior periods	11	1,232
Group relief received for no consideration	(729)	(1,110)
Tax charge for the period	1,105	3,017

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred tax at the balance sheet date have been measured using these enacted tax rates and are reflected in these financial statements.

On 17 March 2020, Finance Bill 2020 was substantially enacted and reversed the rate reduction referred to above, leaving the main rate at 19%. All deferred assets/liabilities are now recognised at 19%. In March 2021, the government announced a proposed increase in the standard rate of UK tax to 25% from 1 April 2023. This change has not been reflected in the measurement of deferred tax.

10. INVESTMENTS
Company

Subsidiary entity

	$'000
Cost and net book value	
At 1 January 2020	294,733
Capital reduction	(90,100)
As at 31 December 2020	204,633

Subsidiary entity Name of company	Country of incorporation and registration	Class of Share/quota held	%	Nature of business
Powerwave Energy Limited Whaddon Works Cromwell Road Cheltenham Gloucestershire GL52 5EP	United Kingdom	Ordinary	100	Holding company

11. TRADE AND OTHER RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 Dec 2020		At 31 Dec 2019	
	Group $'000	Company $'000	Group $'000	Company $'000
Amounts falling due within one year:				
Amounts owed by group undertakings	286,300	-	378,916	-
Other receivables	766	-	422	-
	287,066	-	379,338	-

Amounts owed by group entities falling due within one year are unsecured, attract interest at rates of between 1.1% and 3.6%, have no fixed date of repayment and are repayable with notice periods of between 10 days and 6 months.

12. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 Dec 2020		At 31 Dec 2019	
	Group $'000	Company $'000	Group $'000	Company $'000
Amounts owed to group undertakings	2	2	7,211	70,424
Corporation tax payable	682	-	915	-
	684	2	8,126	70,424

The amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	At 31 Dec 2020		At 31 Dec 2019	
	Group	Company	Group	Company
	$'000	$'000	$'000	$'000
Amounts owed to group undertakings	-	-	86,155	86,155
	-	-	86,155	86,155

Amounts owed to group undertakings are unsecured and incur interest at a rate of LIBOR plus 125 basis points. These were settled in full in the year.

14. NET CASH FROM/(USED IN) OPERATING ACTIVITIES

Cash flow from operating activities

	Year ended 31 Dec 2020 $'000	Year ended 31 Dec 2019 $'000
Profit for the financial year	6,728	9,043
Adjustments for:		
Tax on profit	1,105	3,017
Net interest income	(6,715)	(9,951)
Foreign exchange gain	(1,263)	(2,125)
- Increase in trade receivables	(344)	(422)
- Increase in trade payables	1	-
Net cash generated used in operating activities	(488)	(438)

15. FINANCIAL INSTRUMENTS

The group has the following financial instruments:

	At 31 Dec 2020 $'000	At 31 Dec 2019 $'000
Financial assets measured at undiscounted amount receivable	292,727	379,338
Financial assets	292,727	379,338
Financial liabilities measured at undiscounted amount payable	696	7,211
Financial liabilities that are debt instruments measured at amortised cost	-	86,155
Financial liabilities (excl. tax)	696	93,366

16. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each	Group and Company	
		At 31 Dec 2019 and 2020
	Number	S'000
Allotted and fully paid		
153,164,845 (2019 - 153,164,845)	153,164,845	198,364

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

17. RELATED PARTY TRANSACTIONS

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Kohler Co. group.

18. IMMEDIATE AND ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent and ultimate parent company and ultimate controlling party is Kohler Co., which is also the parent of the largest and only group for which consolidated financial statements are prepared. These financial statements are not publicly available. Kohler Co. is registered in Wisconsin, USA.