

Company registration no. 04107833

KOHLER HOLDINGS LTD.

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2022

MONDAY



ACAEØVRK

A05

21/08/2023

#51

COMPANIES HOUSE

KOHLER HOLDINGS LTD.

Annual Report and Consolidated Financial Statements Year ended 31 December 2022

Contents	Pages
Officers and professional advisers	1
Strategic report	2
Directors' report	3
<i>Statement of Directors' responsibilities in respect of the financial statements</i>	4
Independent auditors' report	5-7
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Company statement of financial position	10
Consolidated statement of changes in equity	11
Company statement of changes in equity	12
Consolidated statement of cash flows	13
Notes to the financial statements	14-22

KOHLER HOLDINGS LTD.

Officers and professional advisers

Directors: H V Kohler (deceased 3 September 2022)
David Kohler (appointed 5 October 2022)
I 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 2022. These financial statements for the year ended 31 December 2022 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 \$1,406,000 (2021: \$3,921,000) for the year is solely due to net finance income on intercompany loans together with *foreign exchange differences thereon, net of tax*.

During the year, the company carried out a capital reduction and paid dividend in cash out of the distributable reserves created.

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

During the year, all the group's loans receivables were settled and hence the group is no longer exposed to any material risks or uncertainties.

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

David Kohler
Director

A handwritten signature in black ink, appearing to be 'DK', written over a horizontal dotted line.

10 August 2023

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 2022.

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 \$1,406,000 (2021 : \$3,921,000).

During the year, the company carried out a capital reduction and declared a dividend of \$296,976,000 (2021 : \$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 and the settlement of group loans during 2022, the group no longer has any significant risks or uncertainties.

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 or the current rise in inflation rate, 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.

David Kohler
Director

Date:

10 Aug 2023

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 2022 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 2022; 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

KOHLER HOLDINGS LTD.

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.

Consistency of the 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 2022 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. 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;
- 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.

KOHLER HOLDINGS LTD.

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 August 2023

KOHLER HOLDINGS LTD.

Consolidated statement of comprehensive income
Year ended 31 December 2022

	Note	2022	2021
		S'000	S'000
Turnover		-	-
Other operating expenses	4	(145)	(1,179)
Finance income	6	3,523	4,645
Finance costs	7	(45)	(16)
Profit before taxation		3,333	3,450
Tax on profit	8	(1,927)	471
Profit for the financial year		1,406	3,921
Other comprehensive (expense) income		-	-
Total comprehensive income		1,406	3,921
Total comprehensive income Attributable to:			
Owners of the parent		1,406	3,921
Non-controlling interests		-	-
		1,406	3,921

KOHLER HOLDINGS LTD.

**Consolidated statement of financial position
As at 31 December 2022**

	Note	As at 31 December 2022		As at 31 December 2021	
		S'000	S'000	S'000	S'000
Current assets					
Trade and other receivables					
- amounts due in one year	10	-		197,721	
- amounts falling due after one year	11	-		95,886	
Cash		702		2,343	
		702		295,951	
Trade and other payables: amounts falling due within one year	12	(323)		-	
Net current assets			379		295,951
Total assets less current liabilities			379		295,951
Net assets			379		295,951
Equity					
Called up share capital	15	-		198,364	
Retained earnings		379		97,587	
Total equity attributable to owners of the parent			379		295,951
Total equity			379		295,951

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 10th August 2023 and were signed on its behalf.

David Kohler
Director

Kohler Holdings Ltd.
Registered No. 04107833



KOHLER HOLDINGS LTD.


**Company statement of financial position
As at 31 December 2022**

	Note	As at 31 December 2022		As at 31 December 2021	
		S'000	S'000	S'000	S'000
Fixed assets					
Investments	10		<u>250</u>		<u>204,633</u>
			250		204,633
Current assets					
Cash		<u>129</u>		<u>2,129</u>	
		129		2,129	
Trade and other payables: amounts falling due within one year	12	<u>-</u>		<u>-</u>	
Net current assets			<u>129</u>		<u>2,129</u>
Total assets less current liabilities			379		206,762
Net assets			<u>379</u>		<u>206,762</u>
Equity					
Called up share capital	15		-		198,364
Share premium account			-		-
Retained earnings/(accumulated losses)			<u>379</u>		<u>8,398</u>
Total equity			<u>379</u>		<u>206,762</u>

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 \$90,593,000 (2021: \$1,000).

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 .. 10th August .. 2023 and were signed on its behalf.


David Kohler
Director

Kohler Holdings Ltd.
Registered No. 04107833

KOHLER HOLDINGS LTD.
**Consolidated statement of changes in equity
Year ended 31 December 2022**

	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 2021	198,364	18,306	45,360	292,030	292,030
Profit and total comprehensive income for the financial year	-	-	3,921	3,921	3,921
Capital reduction	-	(48,306)	48,306	-	-
Balance as at 31 December 2021	<u>198,364</u>	<u>-</u>	<u>97,587</u>	<u>295,951</u>	<u>295,951</u>
Balance as at 1 January 2022	198,364	-	97,587	295,951	295,951
Profit and total comprehensive income for the financial year	-	-	1,406	1,406	1,406
Capital reduction	(198,364)	-	198,364	-	-
Dividend	-	-	(296,976)	(296,976)	(296,976)
Balance as at 31 December 2022	<u>-</u>	<u>-</u>	<u>379</u>	<u>379</u>	<u>379</u>

KOHLER HOLDINGS LTD.

**Company statement of changes in equity
Year ended 31 December 2022**

	Called-up share capital	Share premium account	Accumulated losses)/ Retained earnings	Total equity
	S'000	S'000	S'000	S'000
Balance as at 1 January 2021	198,364	48,306	(39,909)	206,761
Profit for the financial year	-	-	1	1
Capital reduction	-	(48,306)	48,306	-
Balance as at 31 December 2021	198,364	-	8,398	206,762
Balance as at 1 January 2022	198,364	-	8,398	206,762
Profit for the financial year	-	-	90,593	90,593
Capital reduction	(198,364)	-	198,364	-
Dividend	-	-	(296,976)	(296,976)
Balance as at 31 December 2022	-	-	379	379

KOHLER HOLDINGS LTD.

Consolidated statement of cash flows
Year ended 31 December 2022

	Note	2022 S'000	2021 S'000
Net cash (used in) generated from operating activities	13	-	82
Taxation refund (paid)		186	(1,137)
Net cash used in operating activities		<u>186</u>	<u>(1,055)</u>
Cash flow from investing activities			
Interest income received		2,013	392
Net movement in loans to group undertakings		293,189	(2,847)
Net cash generated from/ (used in) investing activities		<u>295,202</u>	<u>(2,455)</u>
Cash flow from financing activities			
Interest expense paid		-	(16)
Net movement in loans from group undertakings		-	-
Dividend paid		(296,977)	-
Net cash used in financing activities		<u>(296,977)</u>	<u>(16)</u>
Net decrease in cash and cash equivalents		<u>(1,589)</u>	<u>(3,526)</u>
Cash and cash equivalents at the beginning of the year		2,343	5,648
Net decrease in cash and cash equivalents		(1,589)	(3,526)
Exchange adjustments		(52)	221
Cash and cash equivalents at the end of the year		<u>702</u>	<u>2,343</u>

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.

KOHLER HOLDINGS LTD.

Notes to the financial statements **Year ended 31 December 2022**

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 5LP.

2. Statement of compliance

The group 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 or the current rise in inflation rate, 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 exemption.

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

KOHLER HOLDINGS LTD.

Notes to the financial statements (continued) Year ended 31 December 2022

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 2022. 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:

<u>Company</u>	<u>Company Registration number</u>
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 (expenses) income'.

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 include 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.

Notes to the financial statements (continued)
Year ended 31 December 2022

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.

KOHLER HOLDINGS LTD.

Notes to the financial statements (continued) Year ended 31 December 2022

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 judgements 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. Other operating expenses

	Year ended 31 Dec 2022 S'000	Year ended 31 Dec 2021 S'000
Other Operating Expenses is stated after charging		
Loss on foreign exchange	(145)	(1,179)

The analysis of Auditors' remuneration is as follows:

	Year ended 31 Dec 2022 S'000	Year ended 31 Dec 2021 S'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	13	10
Total audit fees	13	10

5. Employees and Directors

There were no employees in the group during the year ended 31 December 2022 nor the year ended 31 December 2021.

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.

KOHLER HOLDINGS LTD.

Notes to the financial statements (continued)
Year ended 31 December 2022

6. Finance income

	Year ended 31 Dec 2022 S'000	Year ended 31 Dec 2021 S'000
Interest receivable from group entities	3,523	4,645
	<u>3,523</u>	<u>4,645</u>

7. Finance costs

	Year ended 31 Dec 2022 S'000	Year ended 31 Dec 2021 S'000
Interest payable to group entities	45	16
Other interest	-	-
	<u>45</u>	<u>16</u>

KOHLER HOLDINGS LTD.

Notes to the financial statements (continued) Year ended 31 December 2022

8. Tax on profit

	Year ended 31 Dec 2022 S'000	Year ended 31 Dec 2021 S'000
The tax charge (credit) comprises:		
Current tax		
UK corporation tax	651	268
Adjustments in respect of prior periods		
- UK corporation tax	1,277	(145)
	1,927	123
Foreign tax	-	(595)
Total current tax	1,927	(471)
Total tax on profit	1,927	(471)

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 2022 S'000	Year ended 31 Dec 2021 S'000
Profit before taxation	3,333	3,450
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2021: 19%)	633	656
Effects of:		
Expenses not deductible for tax purposes	11,127	3
Non-taxable dividend income	(11,110)	-
Foreign taxes paid recoverable	-	(595)
Adjustments in respect of prior periods	1,276	(145)
Group relief received for no consideration	-	(390)
Tax charge/(credit) for the year	1,927	(471)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 (4 November 2021). These include increase to the main rate to increase the rate from 19% to 25% from 1 April 2023. The company has no deferred tax balances which are affected by the change in rate.

KOHLER HOLDINGS LTD.

Notes to the financial statements (continued) Year ended 31 December 2022

9. Investments Company

Subsidiary entity	
	\$'000
Cost and net book value	
At 1 January 2022	204,633
Less return of investment	(204,384)
As at 31 December 2022	<u>250</u>

During the year Powerwave Energy Limited paid a dividend. The remaining net assets of Powerwave Energy Limited are £250,000.

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

10. Trade and other receivables: amounts falling due one year

	At 31 Dec 2022		At 31 Dec 2021	
	Group	Company	Group	Company
	\$'000	\$'000	\$'000	\$'000
Amounts owed by group undertakings	-	-	195,802	-
Other receivables	-	-	1,919	-
	<u>-</u>	<u>-</u>	<u>197,721</u>	<u>-</u>

All the unsecured amounts owed by group entities falling due within one year have been repaid in year 2022. In addition, in year 2021, the report item "other receivables" relates to a tax asset but in year 2022, there has been a tax liability.

11. Trade and other receivables: amounts falling due after one year

	At 31 Dec 2022		At 31 Dec 2021	
	Group	Company	Group	Company
	\$'000	\$'000	\$'000	\$'000
Amounts owed by group undertakings	-	-	95,886	-
	<u>-</u>	<u>-</u>	<u>95,886</u>	<u>-</u>

All the unsecured amounts owed by group entities falling due after more than one year have been repaid in year 2022.

KOHLER HOLDINGS LTD.

Notes to the financial statements (continued) Year ended 31 December 2022

12. Trade and other payables: amounts falling due within one year

	At 31 Dec 2022		At 31 Dec 2021	
	Group \$'000	Company \$'000	Group \$'000	Company \$'000
Corporation tax payable	323	-	-	-
	<u>323</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. Net cash (used in)/generated from operating activities

Cash flow from operating activities

	Year ended 31 Dec 2022 \$'000	Year ended 31 Dec 2021 \$'000
Profit for the financial year	1,406	3,921
Adjustments for:		
Tax on profit	1,927	(471)
Net interest income	(3,478)	(4,629)
Foreign exchange loss	145	1,179
- Decrease in trade receivables	-	75
- Increase in trade payables	-	7
Net cash (used in)/generated from operating activities	<u>-</u>	<u>82</u>

14. Financial instruments

The group has the following financial instruments:

	At 31 Dec 2022 \$'000	At 31 Dec 2021 \$'000
Financial assets measured at undiscounted amount receivable	702	295,048
Financial assets	<u>702</u>	<u>295,048</u>
Financial liabilities measured at undiscounted amount payable	-	-
Financial liabilities that are debt instruments measured at amortised cost	-	-
Financial liabilities (excl. tax)	<u>-</u>	<u>-</u>

KOHLER HOLDINGS LTD.

Notes to the financial statements (continued) Year ended 31 December 2022

15. Called up share capital

Ordinary shares of £1 each	Group and Company			
	At 31 Dec 2022		At 31 Dec 2021	
	Number	\$'000	Number	\$'000
Allotted and fully paid	1	-	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.

During the year the company completed a capital reduction by cancelling the share capital of \$198,363,788 (£153,164,845) based on the written resolution dated 26 April 2022 to \$2.60 (£1).

16. 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.

17. Post balance sheet events

Since the year end 2022, there have been no post balance sheet events.

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.