

**Company Registration No. 06537397**

**POWERWAVE ENERGY LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2020**

THURSDAY



\*AAD4IC8B\*

A23

16/09/2021

#54

COMPANIES HOUSE

**POWERWAVE ENERGY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

***Year Ended 31 December 2020***

**CONTENTS**

	<b>Page</b>
<i>Officers and professional advisers</i>	<b>1</b>
<i>Directors' report</i>	<b>2</b>
<i>Statement of Directors' Responsibilities</i>	<b>3</b>
<i>Income statement</i>	<b>4</b>
<i>Statement of financial position</i>	<b>5</b>
<i>Statement of changes in equity</i>	<b>6</b>
<i>Notes to the financial statements</i>	<b>7-12</b>

**POWERWAVE ENERGY LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

J M Suralik  
T G Adler

**REGISTERED OFFICE:**

Whaddon Works  
Cromwell Road  
Cheltenham  
Gloucestershire  
GL52 5EP

## **POWERWAVE ENERGY LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2020. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

### **PRINCIPAL ACTIVITY**

The company's principal activity is the provision of financial support to group companies and will continue to do so for the foreseeable future.

### **RESULTS AND DIVIDENDS**

The financial statements for the year ended 31 December 2020 are set out on pages 4 to 12. The profit for the year after taxation is \$8,542,000 (2019 - \$12,202,000).

The directors recommend a dividend of \$70,424,000 (2019 - \$nil).

### **GOING CONCERN**

The directors, after careful consideration, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### **DIRECTORS**

The directors of the company, who served throughout the reporting period unless otherwise stated, 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 this report.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

As a holding company, the directors do not consider that there are any key risks to the business other than in connection with the underlying investments.

### **AUDIT EXEMPTION STATEMENT**

For the year ended 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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



T Adler  
Director

Date 2 September 2021

## **POWERWAVE ENERGY LIMITED**

### **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 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

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

**POWERWAVE ENERGY LIMITED****INCOME STATEMENT**  
**Year ended 31 December 2020**

	<b>Note</b>	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Other income	5	1,117	2,111
Finance income	4	8,796	13,110
Finance expense	6	<u>(264)</u>	<u>-</u>
<b>PROFIT BEFORE TAXATION</b>		9,649	15,221
Tax on profit	7	(1,105)	(3,017)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>8,543</b></u>	<u><b>12,203</b></u>

*There are no recognised gains and losses in the current or the prior year other than the loss for the reporting period. Accordingly, no separate statement of comprehensive income is presented.*

**POWERWAVE ENERGY LIMITED****STATEMENT OF FINANCIAL POSITION  
At 31 December 2020**

	Note	31 December 2020		31 December 2019	
		\$'000	\$'000	\$'000	\$'000
<b>CURRENT ASSETS</b>					
Trade and other receivables					
- due in one year	8	287,078		449,764	
Cash		<u>3,519</u>		<u>244</u>	
		290,597		450,008	
<b>TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	<u>(694)</u>		<u>(8,125)</u>	
<b>NET CURRENT ASSETS</b>			<u>289,903</u>		<u>441,884</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			289,903		441,884
<b>NET ASSETS</b>			<u>289,903</u>		<u>441,884</u>
<b>EQUITY</b>					
Called up share capital	11		214,304		304,404
Share premium account			-		125,058
Retained earnings			75,599		12,422
<b>TOTAL EQUITY</b>			<u>289,903</u>		<u>441,884</u>

The notes on pages 7 to 12 are an integral part of these financial statements.

For the year ended 31 December 2020, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of Powerwave Energy Limited, registration number 06537397, were approved by the Board of Directors and authorised for issue on 2 September 2021.

Signed on behalf of the Board of Directors



**T Adler**  
Director

Powerwave Energy Limited  
Registered no. 06537397

**POWERWAVE ENERGY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2019**

	<b>Called-up share capital</b>	<b>Share Premium</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 January 2020	304,404	125,058	12,422	441,884
Profit for the year	-	-	8,543	8,543
Capital reduction	(90,100)	(54,634)	54,634	(90,100)
Capital conversion	-	(70,424)	70,424	-
Dividends paid	-	-	(70,424)	(70,424)
Balance as at 31 December 2020	<u>214,304</u>	<u>-</u>	<u>75,599</u>	<u>289,903</u>
	<b>Called-up share capital</b>	<b>Share Premium</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 January 2019	304,404	125,058	219	429,681
Profit for the year	-	-	12,203	12,202
Balance as at 31 December 2019	<u>304,404</u>	<u>125,058</u>	<u>12,422</u>	<u>441,884</u>



## **POWERWAVE ENERGY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2020**

#### **GENERAL INFORMATION**

Powerwave Energy Limited operates as a holding company.

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

#### **1. STATEMENT OF COMPLIANCE**

The individual financial statements of Powerwave Energy Limited 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.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. 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 company's accounting policies

##### **Basis of preparation**

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

##### **Going concern**

The directors, after careful consideration, have a reasonable expectation that the company has adequate resources to continue in operational existence 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 disclosure exemptions.

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and because it is a wholly-owned subsidiary of Kohler Holdings Limited which includes the company's cash flows in its own consolidated financial statements.

##### **Consolidated financial statements**

The company is a wholly owned subsidiary of Kohler Holdings Limited and of its ultimate parent, Kohler Co. It is included in the consolidated financial statements of Kohler Holdings Limited which are publicly available. Therefore, the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

## POWERWAVE ENERGY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Foreign currency

The company's functional and presentation currency is US Dollars.

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 that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance (expense)/ income'. All other foreign exchange gains and losses are presented in the income statement within 'Other external costs'.

##### 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. Current tax is the amount of income tax payable in respect of the taxable profit for the period 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.

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.

##### Cash

Cash includes cash in hand and deposits held at call with banks.

##### Financial instruments

The company has chosen to adopt 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.

## POWERWAVE ENERGY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### (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 year or less. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### Capital restructuring

During 2019, the company undertook a capital restructuring exercise with a view to reducing its share capital and creating distributable reserves. A dividend of \$70,424k was subsequently declared based on the reserves that the directors believed had been created. The capital reduction was carried out in accordance with section 642 of the Companies Act, however the directors have subsequently identified that although the required resolution and solvency statements were made, they were not registered with the Registrar as required by section 644 of the Companies Act. Accordingly the resolution was not deemed to be effective and the subsequent dividend was not strictly permissible by law. Accordingly, the 2019 financial statements did not reflect the capital reduction, and the dividend paid was shown within amounts due from group undertakings as being owed back to the company.

The directors subsequently filed the necessary documents with the Registrar in August 2020 and hence the capital reduction has now taken effect. Accordingly the company declared new dividends in 2020 to cancel the intercompany receivable created from the original distribution. These transactions have been reflected in the financial statements for the year ended 31 December 2020. The directors therefore consider that they have taken the necessary steps to remedy the position.

##### Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

##### 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. The key judgement made in preparing these financial statements was the assessment of the company's functional currency. From 1 May 2017, the company determined its functional currency to be US Dollars which is the primary currency in which its loans payable and receivable are now denominated.

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.

#### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors were the only employees of the company during the current and the prior reporting period. No remuneration was paid to the directors during the current or the 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.

**POWERWAVE ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2020**

**4. FINANCE INCOME**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest received from group entities	8,796	13,154
	<u>8,796</u>	<u>13,154</u>

**5. OTHER INCOME**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign exchange gain	1,066	2,110
	<u>1,066</u>	<u>2,110</u>

**6. FINANCE EXPENSE**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest payable to group entities	264	-
	<u>264</u>	<u>-</u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
The tax charge comprises:		
<b>Current tax</b>		
UK corporation tax	1,095	1,785
Adjustments in respect of prior periods	10	1,232
Foreign income tax receivable	-	-
<b>Total current tax</b>	<u>1,195</u>	<u>3,017</u>
<b>Deferred tax</b>	-	-
<b>Total tax on profit on ordinary activities</b>	<u>1,195</u>	<u>3,017</u>

**POWERWAVE ENERGY LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2020****7. TAX ON PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)**

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
<b>Profit/(loss) on ordinary activities before taxation</b>	<u>9,649</u>	<u>15,221</u>
Tax on profit at the UK corporation tax rate for the year ended 31 December 2020 at 19% (2019 - 19%)	1,833	2,892
Effects of:		
Group relief surrendered for nil consideration	(729)	(1,110)
Expenses not deductible for tax purposes	(10)	3
Adjustments to tax charge in respect of previous years	11	1,232
<b>Current tax charge for the period</b>	<u>1,105</u>	<u>3,017</u>

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%.

**8. TRADE AND OTHER RECEIVABLES**

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Amounts falling due within one year:		
Amounts owed by group entities	286,312	449,342
Other receivables	<u>766</u>	<u>422</u>
	<u>287,078</u>	<u>449,764</u>

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.

**9. TRADE AND OTHER PAYABLES**

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Amounts falling due within one year:		
Corporation tax	744	915
Amounts owed to group entities	<u>12</u>	<u>7,210</u>
	<u>756</u>	<u>8,125</u>

## POWERWAVE ENERGY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2020

#### 10. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

	2020 \$'000	2019 \$'000
Financial assets measured at undiscounted amount receivable	290,597	450,008
Financial assets that are debt instruments measured at amortised cost	-	-
Financial assets	<u>290,597</u>	<u>450,008</u>
Financial liabilities measured at undiscounted amount payable	12	7,210
Financial liabilities that are debt instruments measured at amortised cost	-	-
Financial liabilities	<u>12</u>	<u>7,210</u>

#### 11. SHARE CAPITAL

	2020 \$'000	2019 \$'000
<b>Allotted and fully paid</b>		
165,470,202 (2019 - 235,042,901) Ordinary shares of £1 each	<u>214,304</u>	<u>304,404</u>

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

#### 12. RELATED PARTY TRANSACTIONS

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

#### 13. CONTROLLING PARTIES

In the directors' opinion the company's ultimate parent company and controlling party is Kohler Co., which is also the parent of the group of undertakings for which group financial statements are drawn up. Kohler Co. is registered in Wisconsin, USA.

The smallest group of which the company is a member and for which consolidated financial statements are prepared is Kohler Holdings Limited. Copies of the group financial statements can be obtained from EMEA Corporate Services, 4 Carter Court, Davy Way, Waterwells Business Park, Quedgeley, Gloucester, GL2 2DE.