

UK establishment number
Isle of Man registration number
Isle of Man company number

BR018894
013928V
FC033807

KOHLER EURO CONFLUENCE LIMITED

Annual Report and Financial Statements

For the period ended 31 December 2018

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KOHLER EURO CONFLUENCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

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KOHLER EURO CONFLUENCE LIMITED

OFFICERS

DIRECTORS:

H V Kohler (Appointed 8 November 2016)
J M Robinson IV (Appointed 8 November 2016,
Resigned 26 July 2019)
E L Smales (Appointed 8 November 2016,
Resigned 26 July 2019)
P J Wharrad (Appointed 8 November 2016,
Resigned 2 October 2018)
V K Champion (Appointed 27 November 2017)
N Begwani (Appointed 2 October 2018)
S Sadler (Appointed 26 July 2019)

OVERSEAS COMPANY ADDRESS:

First Names House
Victoria Road
Douglas
Isle of Man
IM2 4PD

UK ESTABLISHMENT REGISTERED OFFICE:

Carter Court
4 Davy Way
Quedgeley
Gloucestershire
GL2 2DE

KOHLER EURO CONFLUENCE LIMITED

COMPANY INCOME STATEMENT

Period ended 31 December 2018

		Period from 1 January 2018 to 31 December 2018 \$'000	Period from 20 September 2016 to 31 December 2017 \$'000
	Note		
Other costs	5	(2)	(12,633)
Dividends Received		145,000	0
Finance income		3	7
Finance expense		(13,197)	(12,260)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		131,804	(24,886)
Tax on loss on ordinary activities	6	21	(21)
PROFIT/ (LOSS) FOR THE REPORTING PERIOD		131,825	(24,907)

All results arose from continuing activities.

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

KOHLER EURO CONFLUENCE LIMITED

STATEMENT OF FINANCIAL POSITION As at 31 December 2018

	Note	2018 \$'000	2017 \$'000
FIXED ASSETS			
Investments	7	2,001,838	2,001,838
CURRENT ASSETS			
Trade and other receivables			
- amounts falling due within one year	8	517	517
Cash		<u>9</u>	<u>8</u>
		526	525
TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(266,375)	(398,199)
NET CURRENT LIABILITIES		<u>(265,849)</u>	<u>(397,674)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,735,989	1,604,164
NET ASSETS		<u>1,735,989</u>	<u>1,604,164</u>
EQUITY			
Called up share capital	10	301	301
Share premium		1,628,770	1,628,770
Accumulated losses		-	(24,907)
Retained Earnings (reserve)		106,918	-
TOTAL EQUITY		<u>1,735,989</u>	<u>1,604,164</u>

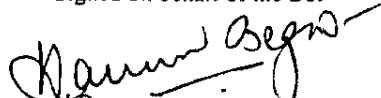
The notes on pages 6 to 11 are an integral part of these financial statements.

For the period ending 31 December 2018, the company was not required to have an audit under the Isle of Man 2006 Companies Act.

The members have not required the company to obtain an audit of its accounts for the period in question. 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 Kohler Euro Confluence Limited, Isle of Man registration number 013928V (UK establishment number BR018894), were approved by the Board of Directors and authorised for issue on ~~25 SEPTEMBER~~ 2019.

Signed on behalf of the Board of Directors


N Begwani
Director

KOHLER EURO CONFLUENCE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
At 31 December 2018

	Notes	Called-up share capital	Share premium	Accumulated profits/ (losses)	Total
		\$'000	\$'000	\$'000	\$'000
Balance as at 20 September 2016		-	-	-	-
Loss for the reporting period		-	-	(24,907)	(24,907)
Share capital issue	10	301	1,628,770	-	1,629,071
Balance as at 31 December 2017		<u>301</u>	<u>1,628,770</u>	<u>(24,907)</u>	<u>1,604,164</u>
Balance as at 1 January 2018		301	1,628,770	(24,907)	1,604,164
Share capital issue	10	-	-	-	-
Profit for the reporting period		-	-	131,825	131,825
Balance as at 31 December 2018		<u>301</u>	<u>1,628,770</u>	<u>106,918</u>	<u>1,735,989</u>

KOHLER EURO CONFLUENCE LIMITED

COMPANY STATEMENT OF CASH FLOWS

Period ended 31 December 2018

	Note	Period from 1 January 2018 to 31 December 2018 S'000	Period from 20 September 2016 to 31 December 2017 S'000
Net used in operating activities	11	144,998	3
Taxation paid		-	-
Net cash (used in)/generated from operating		144,998	3
Cash flow from investing activities			
Interest received		3	7
Net cash generated from investing activities		3	7
Cash flow from financing activities			
Loan repayments to group undertakings		(131,802)	(2)
Interest paid		(13,196)	-
Net cash used in financing activities		(144,998)	(2)
Net decrease in cash and cash equivalents		3	8
Cash and cash equivalents at the beginning		8	
Net (decrease)/increase in cash and cash equivalents		3	-
Other non cash movement		(2)	
Cash and cash equivalents at the end of period		9	8

KOHLER EURO CONFLUENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2018

1. GENERAL INFORMATION

Kohler Euro Confluence Limited ('the company') was incorporated on 20 September 2016. The company operates as a holding company.

The company is a private company limited by shares and is incorporated in the Isle of Man. The address of its registered office is First Names House, Victoria Road, Douglas, Isle Of Man, IM2 4PD. The address of its UK establishment office, which was established on 20 September 2016, is Carter Court, 4 Davy Way, Gloucestershire, Quedgeley, GL2 2DE.

2. STATEMENT OF COMPLIANCE

The individual financial statements of the company 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'), the Isle of Man Companies Act 2006, and the Overseas Companies Regulations 2009. A strategic report and directors' report have not been prepared as these are not required under the Isle of Man Companies Act 2006.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. 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.

Consolidated financial statements

Under the Isle of Man Companies Act 2006, there is no requirement for consolidated financial statements to be prepared. Consequently these financial statements are the company's individual financial statements.

KOHLER EURO CONFLUENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2018

3. 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'.

Investments in subsidiary companies

Investments in subsidiary companies are held at cost less accumulated impairment losses.

When shares are issued for non cash consideration, the company has elected to value the shares at the fair value of the consideration received and has not applied group reconstruction relief.

When the company enters into a series of transactions, the substance of which is to exchange an indirect interest in subsidiaries for a direct interest in those subsidiaries, the financial statements reflect the substance of the arrangements rather than the legal form of the individual transaction steps.

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 Periods. 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.

Income from shares in group entities

The company recognises income in relation to dividends received at the point at which the company paying the dividend establishes a legal obligation to pay the dividend. The dividend is classified as a receivable until cash is received.

Cash

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

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2018

3. SIGNIFICANT 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 year or less.

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

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Dividends in specie are recorded at the fair value of the asset distributed (rather than the book value).

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

During the year the company enters into a series of transactions, the substance of which is to exchange an indirect interest in subsidiaries for a direct interest in those subsidiaries, the financial statements reflect the substance of the arrangements rather than the legal form of the individual transaction steps.

During the year, the company entered into a series of transactions as part of a larger group reorganisation. This involved the receipt of dividends, waiver of loan balances and transfer of value from one investment to another. The additions shown in note 7 reflect the overall substance of the transactions and the net impact on the company rather than the legal form of each transaction in isolation.

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.

KOHLER EURO CONFLUENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2018

4. 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 either Kohler Co., Kohler International Holdings Ltd or Kohler Mira Ltd 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. PROFIT BEFORE TAXATION

	2018 \$'000	2017 \$'000
Profit before taxation is stated after charging/(crediting):		
Other costs	2	98
(Gain)/Loss on foreign exchange	-	12,535
	<u>2</u>	<u>12,633</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2018 \$'000	2017 \$'000
The tax credit comprises:		
Current tax		
UK corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	(21)
Adjustments in respect of prior periods charge/(credit)	21	-
Total tax on profit on ordinary activities	<u>21</u>	<u>(21)</u>

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

	2018 \$'000	2017 \$'000
(Profit) / Loss on ordinary activities before tax	<u>(131,804)</u>	<u>24,886</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% 2017 (19.41%)	(25,043)	(4,830)
Effects of:		
Adjustments in respect of prior periods	21	-
Group Relief surrendered for nil consideration	(2,507)	4,780
Non-taxable dividend income	27,550	29
Tax credit for the period	<u>21</u>	<u>(21)</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.

KOHLER EURO CONFLUENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2018

7. INVESTMENTS

Subsidiaries

	2018 \$'000	2017 \$'000
Cost		
At 1 January 2018	2,001,838	-
Additions	-	2,001,838
Disposals	-	-
At 31 December 2018	<u>2,001,838</u>	<u>2,001,838</u>

During the year ended 31 Dec 2017, the company entered into a series of transactions as part of a larger group reorganisation. This involved the receipt of dividends, waiver of loan balances and transfer of value from one investment to another. The additions shown above reflect the overall substance of the transactions and the net impact on the company rather than the legal form of each transaction in isolation.

8. TRADE AND OTHER RECEIVABLES

	2018 \$'000	2017 \$'000
Amounts falling due within one year:		
Amounts owed by group undertakings	517	517
	<u>517</u>	<u>517</u>

9. TRADE AND OTHER PAYABLES

	2018 \$'000	2017 \$'000
Amounts falling due within one year:		
Amounts owed to group undertakings	266,375	398,178
Deferred tax liability	-	21
	<u>266,375</u>	<u>398,199</u>

10. SHARE CAPITAL

	2018 \$	2017 \$
Allotted and fully paid		
At 1 January	301,449	-
Issued during the period	-	301,449
301,449 ordinary shares of \$1 each (2017: 301,449)	<u>301,449</u>	<u>301,449</u>

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

KOHLER EURO CONFLUENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2018

11. NOTES TO THE STATEMENT OF CASH FLOWS

Cash flow from operating activities

	2018 \$'000	2017 \$'000
Profit / Loss for the financial period	131,825	(24,907)
<i>Adjustments for:</i>		
Tax on profit	(21)	21
Net interest income	13,194	12,253
Operating loss	144,998	(12,633)
Foreign exchange loss	-	12,535
Other non cash items	-	101
Net cash used in operating activities	144,998	3

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. IMMEDIATE AND ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent company is Euro Confluence Inc. The company's ultimate parent company and ultimate controlling party is Kohler Co., which is also the parent of the largest group for which consolidated financial statements are prepared. Kohler Co. is registered in Wisconsin, USA.