

Kaiam UK Limited

Report and Financial Statements

31 December 2014

TUESDAY



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COMPANIES HOUSE

Directors

M Ryde
B Pezeshki

Secretary

Maclay Murray & Spens LLP (operating under the name MMS Secretarial Solutions)

Auditors

Ernst & Young LLP
10 George Street,
Edinburgh EH2 2DZ

Solicitors

Maclay Murray & Spens LLP
One George Square
Glasgow
G2 1AL

Registered Office

One George Square
Glasgow G2 1AL

Strategic report

The directors present their strategic report and the financial statements for the year ended 31 December 2014.

Principal activity and review of the business

The principal activity of the company is the rental of the property at Starlaw Road, Livingston, the loan repayments plus any other associated costs.

Principal risks and uncertainties

The company has identified that the principal risks that it faces are matched to those of its immediate parent undertaking, Kaiam Europe Limited, namely price/market risk, liquidity risk, credit risk, and cash flow risk as highlighted in its immediate parent undertaking's Report and Financial Statements.

On behalf of the Board



Bardia Pezeshki
Director
18th December 2015

Registered No.SC444524

Directors' report

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year after taxation amounted to £128,000 (period ended 31 December 2013 – profit of £72,000). The directors do not recommend a final dividend (period ended 31 December 2013 – £nil).

Future developments

The Kaiam group has a strategy to become the premier supplier for optical interconnects in the booming data centre market. There is a rapidly growing market for a new kind of high bandwidth interconnect that is driven by the growth of cloud based end data centre services. The Livingston facility will be used to solve problems and provide the responsiveness, quality and price required for products while continuing to grow the PLC business.

The directors' believe that the present and relevant risks of the company are understood and that the right measures are being taken to assuage and minimise the risk conditions.

Going concern

In line with the FRC guidance on Going Concern issued in November 2009 and taking into account the FRC's guidance on risk management, internal control and related business and financial reporting issued in September 2014, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis. The company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management position are described in the strategic report.

The directors have also received assurances from the Kaiam Corporation Inc, that they plan to continue to provide sufficient funds, if necessary, in order to trade throughout the period of twelve months from the date of approval of these financial statements. The forecasts for the group have been assessed and are considered by the directors to be reasonably achievable and should allow them to fulfil the above obligation.

Therefore, after making suitable enquiries, the directors have a reasonable expectation that the company has adequate resources to remain in operation for the foreseeable future and has, as a result, continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who served the company during the year were as follows:

M. Ryde
B.Pezeshki

Director indemnity provision

There was no Director indemnity agreement entered into by the Company with each of the directors.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered No.SC444524

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Bardia Pezeshki

Director

18th December 2015

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. They 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.

Independent auditors' report

to the members of Kaiam UK Limited

We have audited the financial statements of Kaiam UK Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

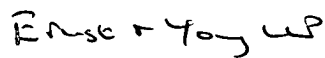
Independent auditors' report

to the members of Kaiaam UK Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Walter Campbell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
18th December 2015

Profit and loss account

for the year ended 31 December 2014

		Year ended 31 December 2014	7 March to 31 December 2013
	Notes	£000	£000
Turnover	2	299	206
Administrative expenses		58	48
Operating Profit	3	241	158
Interest payable and similar charges	5	113	86
Profit on ordinary activities before taxation		128	72
Tax	6	–	–
Profit for the financial year	12	128	72

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2014


There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £128,000 in the year ended 31 December 2014 (period ended 31 December 2013 – profit of £72,000).

Balance sheet

at 31 December 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	7	1,737	1,784
Creditors: amounts falling due within one year	8	(204)	(188)
Total assets less current liabilities		1,533	1,596
Creditors: amounts falling due after more than one year	9	1,333	(1,524)
Net assets		200	72
Capital and reserves			
Called up share capital	10	—	—
Profit and loss account	11	200	72
Shareholders' funds	12	200	72

The financial statements were approved by the Board of Directors on the 18th December 2015 and were signed on their behalf by:



Bardia Pezeshki

Director

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going Concern

The financial statements have been prepared on a going concern basis, following assurances from ultimate parent company Kaiam Corporation that they plan to continue to provide sufficient funds, if necessary, in order to allow the company to trade throughout the period of twelve months from the date of approval of these financial statements.

Statement of cash flows

The company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Buildings – 30 years straight-line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2014

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to the rental of property.

All turnover is generated within the United Kingdom.

3. Operating profit

This is stated after charging/(crediting):

	<i>Year ended 31 December 2014 £000</i>	<i>7 March to 31 December 2013 £000</i>
Auditors' remuneration	4	4
Depreciation of owned fixed assets	47	33

4. Directors' remuneration

The directors of the company do not perform any qualifying services to the company, therefore their remuneration are £nil (period ended 31 December 2013 – £nil).

5. Interest payable and similar charges

	<i>Year ended 31 December 2014 £000</i>	<i>7 March to 31 December 2013 £000</i>
Interest payable on term loan	113	86

6. Tax

(a) Tax on profit on ordinary activities

The tax is made up as follows:

	<i>Year ended 31 December 2014 £000</i>	<i>7 March to 31 December 2013 £000</i>
Current tax:		
UK corporation tax on the profit for the year	—	—
Tax on profit on ordinary activities (note 6(b))	—	—

(b) Factors affecting tax current for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.5% (period ended 31 December 2013 – 23.08%). The differences are explained below:

Notes to the financial statements

at 31 December 2014

	<i>Year ended 31 December 2014 £000</i>	<i>7 March to 31 December 2013 £000</i>
Profit on ordinary activities before tax	128	72
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (period ended 31 December 2013 – 23.08%)	28	17
<i>Effects of:</i>		
Expenses not deductible for tax purposes	10	11
Group relief received for nil payment	(38)	(28)
Current tax for the year (note 6(a))	–	–

(c) Factors that may affect future tax charges

The rate of corporation tax reduced from 24% to 23% effective from 1 April 2013 and to 21% effective from 1 April 2014. A further reduction to 20%, effective from 1 April 2015, was included in the Finance Act 2013 which was enacted on 17 July 2013.

The Finance Act (No.2) 2015 includes legislation which will reduce the rate further to 19%, from 1 April 2017, and to 18%, from 1 April 2020, and was substantively enacted on 26 October 2015.

Notes to the financial statements

at 31 December 2014

7. Tangible fixed assets

	<i>Land</i> £000	<i>Buildings</i> £000	<i>Total</i> £000
Cost:			
At 1 January 2014	406	1,411	1,817
Additions	–	–	–
At 31 December 2014	406	1,411	1,817
Depreciation:			
At 1 January 2014	–	33	33
Charge for the year	–	47	47
At 31 December 2014		80	80
Net book value:			
At 31 December 2014	406	1,331	1,737
At 1 January 2014	406	1,378	1,784

8. Creditors: amounts falling due within one year

	<i>2014</i> £000	<i>2013</i> £000
Bank loans	201	185
Accruals and deferred income	3	3
	<u>204</u>	<u>188</u>

9. Creditors: amounts falling due after more than one year

	<i>2014</i> £000	<i>2013</i> £000
Bank loans	1,117	1,318
Amount owed to fellow subsidiary	216	206
	<u>1,333</u>	<u>1,524</u>

10. Issued share capital

	<i>2014</i> No.	<i>2014</i> £	<i>2013</i> No.	<i>2013</i> £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2	<u>2</u>	2	<u>2</u>

Notes to the financial statements

at 31 December 2014

11. Movements on reserves

	<i>Profit and loss account £000</i>
At 1 January 2014	72
Profit for the year	128
At 31 December 2014	<u>200</u>

12. Reconciliation of shareholders' funds

	<i>2014 £000</i>	<i>2013 £000</i>
Opening shareholders' funds	72	–
Profit for the year	128	72
Closing shareholders' funds	<u>200</u>	<u>72</u>

13. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Kaiam group.

14. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Kaiam Europe Limited which is registered in England.

The directors consider the ultimate parent undertaking and controlling party to be Kaiam Corporation Inc., a company registered in the United States of America. Copies of the financial statements can be obtained from Kaiam Corporation Inc, 39677 Eureka Drive, Newark, CA 94538, USA.