

SOI Group Limited

**Directors' report and financial statements
for the period ended
31 July 2012**

Registered number SC413672

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Contents

	Page
Company information	1
Directors' report	2 - 6
Statement of directors' responsibilities	7
Independent auditors' report	8 - 9
Profit and loss account	10
Balance sheet	11
Notes to the financial statements	12 - 14

SOI Group Limited

Company information

Directors

M. M. Crawford (Appointed 23/01/12)
M.D. Jones (Appointed 23/01/12)
S.R. Magee (Appointed 23/01/12)
K. Millican (Appointed 22/12/11)
D.S. Mundie (Appointed 22/12/11)
D.A. Watson (Appointed 22/12/11)

Secretary

Gillespie MacAndrew
5 Atholl Crescent
Edinburgh EH3 8EJ

Registered office

5 Atholl Crescent
Edinburgh EH3 8EJ

Auditors

Ernst & Young LLP
G1, 5 George Square
Glasgow G2 1DY

Bankers

Royal Bank of Scotland
St Andrews Branch
113-115 South Street
St Andrews
Fife KY16 9QB

Directors' report

The directors present their report and financial statements for the period ended 31 July 2012.

Principal activity

The Company was incorporated on 22 December 2011 and started trading on 1st February 2012. The principal activity of the company is that of a holding company. The principal activities of its subsidiary undertakings are those of marine related consultancy and marine instrumentation development.

Business Strategy & Objectives

The primary financial objective of the company is to deliver long term sustainable growth in underlying operating profitability.

Whilst the economic outlook continues to be very challenging, the Board believes that there are opportunities for sales growth and further operational efficiencies in its subsidiaries that should allow operating profitability to grow in the year ahead.

In the longer term, the Board considers that growth in operating profitability is best achieved by continuation of the following strategies in the company:

- Continuing to invest and support subsidiaries through the provision of strategic, financial and commercial advice
- Identifying new opportunities and markets in which to invest
- Exploring the potential for licensing new developments.
- Exploring international opportunities for expansion.

Directors' report (continued)

Chief Executive's Review

Overview

The company was incorporated on 22 December 2011 to provide a focus for all marine related commercial activities of the University of St Andrews. The ownership of the investments transferred from the University of St Andrews to SOI Group Limited was approved on 23rd January 2012. The company provides strategic, marketing, financial management, treasury and information technology advice to its subsidiary companies.

Investments

During the period the company continued to invest in its subsidiaries to enable them to further develop their business.

Summary of financial results

	Period from 22 December 2011 to 31 Jul 2012
	£
Revenue excluding VAT	-
Operating Loss	(173,771)

Dividends

There are no proposed dividends at the period-end.

Outlook

The development of the group to date has been funded largely from internal resources. Additional investment from the University of St Andrews has allowed us to expand our overseas investments and, in particular, increase the global visibility of our marine consulting activities.

In summary

The company has developed in line with expectations since its formation. The current organisational structure enables us to offer focussed advice to our subsidiaries to assist them in delivering their own operational and financial objectives.

Directors' report (continued)

Risks & uncertainties

Business strategy development & implementation

If the Board adopts the wrong business strategy or does not implement its strategies effectively, the business may suffer. The Board needs to understand and properly manage strategic risk in order to deliver long term growth for the benefit of the company. The Board reviews business strategy on a regular basis to determine how sales and profit budgets can be achieved or bettered and business operations made more efficient. This process involves the setting of annual budgets and longer term financial models to identify ways in which the company can increase long term value. Critical to these processes are the consideration of wider economic and industry specific trends that affect the company's business and the competitive position.

Risk and liquidity

The Company's risk assessment procedures for key suppliers enable it to identify alternatives and develop contingency plans in the event any of these suppliers fail.

The Company has adequate medium and long term financing in place to support its business operations for the foreseeable future.

Management team

The success of the Company relies on the continued service of its senior management and operational personnel and on its ability to continue to attract, motivate and retain high calibre employees. The retail sector is very competitive. The Board reviews their remuneration at least annually and formulates packages that are structured to retain and motivate these employees.

IT systems & business continuity

The Company is dependent upon the continued availability and integrity of its computer systems. The business must record and process data accurately and quickly. The Company expects that its systems will require continuous enhancements and on-going investment to prevent obsolescence and maintain responsiveness to business needs. Back up facilities and business continuity plans are in place and are tested regularly to ensure that business interruptions are minimised and data is protected from corruption or unauthorised access or use.

Personnel

Employees

People are key to achieving the Company's business objectives. The Company has established policies for recruitment, training and development of personnel and is committed to achieving excellence in the areas of health, safety, welfare and protection of employees and their working environment.

Equal opportunities

The Company is an equal opportunities employer and will continue to ensure it offers career opportunities without discrimination.

Training and development

The Company aims to realise the potential of its employees by supporting their career progression and promotion wherever possible.

Employee communication

The Company has a policy of providing employees with financial and other information about the business and ensures that the suggestions and views of employees are taken into account. The Company encourages open discussion on key business issues, policies and the working environment.

Directors' report (continued)

Risks & uncertainties (continued)

Personnel (continued)

Health and safety

The Company recognises the importance of health and safety at work and its management is designed to contribute to improving business performance. Policies and procedures are reviewed and audited regularly to make safety management more robust and fully up to date.

The Company's objective is to manage all aspects of its business in a safe manner and take practical measures to ensure that its activities do not harm customers, employees, contractors, or equipment. Procedures are in place to enable effective two way communication and consultation about health, safety and welfare issues in order to achieve a high level of safety awareness.

Directors

The directors at the date of this report are shown on page 1.

None of the directors who held office during the period had any personal interest in the share capital of the company.

Disclosure of information to auditors

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director 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 Company's auditors are aware of that information.

Going concern statement

The company's business activities, together with the factors likely to affect its future development, performance and position in the current economic climate are set out in the Directors' Report on pages 2 to 6. The principal risks and uncertainties are set out on page 4. The 2013 economic climate remains uncertain. However, based on the available information on the future, the directors consider that the company has the plans and resources to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. For that reason, they continue to adopt the going concern basis in preparing the financial statements. The company has also received a letter of support from the University Court of the University of St Andrews which is its ultimate parent.

Directors' report (continued)

Auditors

Ernst & Young LLP have been appointed as auditors of the company in line with their position as auditors of the University of St Andrews and its subsidiary companies.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Small Entities (effective April 2008).

By order of the board

A handwritten signature in black ink, appearing to be 'DA Watson', followed by a horizontal line.

DA Watson
Chief Executive

19 October 2012

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). The financial statements are required by law to 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 those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and 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 responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 SOI GROUP LIMITED

We have audited the financial statements of SOI Group Limited for the period ended 31 July 2012 which comprises the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, 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 financial and non-financial information in the directors' report and financial statements to identify inconsistencies within the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 July 2012 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOI GROUP LIMITED (CONTINUED)

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Ernst & Young LLP

James Andrew Bishop (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

Date 19 October 2012.

SOI Group Limited

Profit and loss account for the period ended 31 July 2012

		7 months Period ended 31 July 2012 £
	Note	
Administrative expenses		(184,730)
Other income		10,959
Operating loss	3	<u>(173,771)</u>
Loss on ordinary activities before gift aid		<u>(173,771)</u>
Gift aid payable to University of St. Andrews		-
Loss for the financial period		<u>(173,771)</u> =====

The Company was incorporated on 22 December 2011.

A statement of movements on reserves is given in note 8.

There are no recognised gains or losses other than the loss above for the period ended 31 July 2012.

All operations are continuing.

SOI Group Limited

Balance sheet at 31 July 2012

		As at 31 July 2012 £
	Note	
Fixed Assets		
Investments	4	1,172,002
Current assets		
Cash at bank and in hand		55,223
Debtors	5	100,025
		<u>155,248</u>
Current liabilities		
Creditors	6	(901,020)
Net current liabilities		<u>(745,772)</u>
Net assets		<u>426,230</u> =====
Capital reserves		
Called up share capital	7	600,001
Profit and loss account	8	(173,771)
Shareholders' funds	9	<u>426,230</u> =====

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the board of directors on 19 October 2012 and signed on their behalf by:



DA Watson
Director

The notes on pages 12 to 14 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

Basis of preparation

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about it as a group.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at period-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial period.

2 Turnover

Turnover represents amounts receivable for the provision of goods and services (excluding value added tax).

3 Operating loss

**Period ended
31 July 2012
£**

Operating loss is stated after charging/(crediting):

Directors' emoluments	111,682
Operating lease charges	-
Auditors' remuneration	2,000
	=====

Two directors are members of money purchase pension schemes to which the company makes contributions.

4 Investments

**As at
31 July 2012
£**

Investment in Marine Instrumentation Limited	260,000
Investment in SMRU Limited	862,000
Investment in SOI Limited	50,001
Investment in StAAR Inc.	1
	=====
	1,172,002
	=====

StAAR Inc. is incorporated in Delaware, USA.

SOI Group Limited owns 100% of the issued share capital of each of the above subsidiaries.

Notes to the financial statements (continued)

5	Debtors		As at 31 July 2012 £
	Amounts falling due within one year:		
	Trade Debtors		480
	Amounts due from subsidiary undertakings		79,978
	Prepayments		10,315
	Other Debtors		9,252
			<u>100,025</u> =====
6	Creditors		As at 31 July 2012 £
	Amounts falling due within one year:		
	Trade Creditors		15,662
	Amounts due to parent undertaking		862,000
	Amounts due to subsidiary undertakings		1
	Accruals		10,475
	Taxes and social security		12,042
	Other Creditors		840
			<u>901,020</u> =====
7	Share capital		
	Allotted, called up and fully paid ordinary shares of £1 each		As at 31 July 2012 £
		Shares	
	At start of period	-	-
	Proceeds of issue during period	600,001	600,001
		<u>600,001</u>	<u>600,001</u> =====
	At end of period	600,001	600,001
		<u>600,001</u>	<u>600,001</u> =====
8	Statement of movements on Profit and loss account		As at 31 July 2012 £
	Opening balance		-
	Loss for the financial period		(173,771)
			<u>(173,771)</u> =====
	As at 31 July		(173,771) =====

Notes to the financial statements (continued)

9	Reconciliation of movements in shareholders' funds	As at 31 July 2012 £
	Shares issued in period	600,001
	Retained loss for the period	<u>(173,771)</u>
	Net Increase to shareholders' funds	426,230
	Opening shareholders' funds	-
	Closing shareholders' funds	<u>426,230</u> =====

10 Related party transactions

The Company has taken advantage of the exemptions within Financial Reporting Standard 8 not to disclose details of transaction with other group companies.

11 Immediate and ultimate parent undertaking

During the period ended 31 July 2012, SOI Group Limited is a wholly owned subsidiary of St Andrews Applied Research Limited. The directors of SOI Group Limited regard The University Court of the University of St Andrews as the ultimate parent. Copies of the University's consolidated financial statements may be obtained from the Quaestor and Factor, at the University's principal place of business, College Gate, North Street, St Andrews, Fife, KY16 9AJ.