Marine Instrumentation Limited

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

Registered number SC413998

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Marine Instrumentation Limited

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Registered number SC413998

Marine Instrumentation Limited

Company information

Directors	K. Millican (Appointed 06/01/12) D. S. Mundie (Appointed 06/01/12) D. A. Watson (Appointed 06/01/12)
Secretary	Gillespie Macandrew Secretaries Limited 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 annual report and financial statements for the period ended 31 July 2012.

Principal activity

The company was incorporated on 6th January 2012 and its principal activity is the development and manufacturing of passive acoustic monitoring devices for use by marine renewable energy developers, oil and gas companies, environmental consultancies, government agencies, regulators and academic researchers.

A review of the business is set out in the Chief Executive's Review.

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 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:

- Improving and developing the breadth of our service offering, success in which is reflected in total sales and like for like sales performance
- Managing gross and net margins by continuous cost control and efficient management of resource utilisation and working capital
- Increasing the number of potential customers through focussed marketing and increasing our market awareness through a cohesive web and social media presence
- Building our brand by publishing papers, attending exhibitions and speaking at conferences.

Chief Executive's Review

Overview

The business was incorporated on 6th January 2012 after an initial period of development, market testing and proof of concept trialling. The business since this date has continued to invest in further development and on -site trialling of our initial product, PAMBuoy™. Through these trials we have learned much about how our product operates in difficult and challenging environments and have successfully proven that our technology delivers solutions to our potential customers' problems.

Sales

Sales during this first period of operation were encouraging with several large customers seeking trials of our technology. We anticipate sales to grow significantly during 2012-13.

Margins

The company's gross margins on sales were in line with expectations. Continued significant investment in PAMBuoy™ during the early part of the year did have an impact on profit.

Summary of financial results

	2012 £
Revenue excluding VAT	120,000
Operating Loss	(87,948)

Dividends

There are no proposed dividends at the period end.

Outlook

We believe that over the next year we will be able to increase sales and also deliver a range of exciting new services. However, there are a number of significant issues which may continue to impact Marine Instrumentation Limited in 2012-13:

- The current economic climate may be challenging for industry to invest in large coastal or marine projects.
- Government stimuli for infrastructure of marine renewables projects may be withdrawn.
- Environmental legislation may be weakened in order to encourage development projects, reducing the need for some of Marine Instrumentation Limited's services.

As a consequence we are budgeting conservatively for the coming year.
We believe that sales will grow as a result of our development of our product range and dedicated business development activities, the latter including a range of exhibitions and conferences showcasing our technology.

In summary

The company has performed well in its first period. We have implemented a number of initiatives and a management structure to deliver our agreed plans and objectives for the coming year. The year ahead will be challenging but we believe we are well prepared and have opportunities for growth.

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 of its product offer.

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.

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 and products 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.

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



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 MARINE INSTRUMENTATION LIMITED

We have audited the financial statements of Marine Instrumentation Limited for the period ended 31 July 2012 which comprises the Profit and Loss Account, the Balance Sheet and the related notes 1 to 10. 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 6, 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 directors' report and financial statements to identify inconsistencies within the audited financial statements. If we become aware of any apparent 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
- 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.

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.

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.

Marine Instrumentation Limited

Profit and loss account for the period ended 31 July 2012

	Note	Period ended 31 July 2012 £
Turnover	2	**120,000**
Cost of sales		**(69,591)**
Gross profit		**50,409**
Administrative expenses		**(157,324)**
Other income		**18,967**
Operating loss	3	**(87,948)**
Loss on ordinary activities before gift aid		**(87,948)**
Gift aid payable to University of St. Andrews		**-**
Loss for the financial period		**(87,948)**

The Company was incorporated on 6 January 2012.

A statement of movements on reserves is given in note 7.

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

All operations are continuing.

Marine Instrumentation Limited

Balance sheet at 31 July 2012

	Note	As at 31 July 2012 £
Current assets		
Cash at bank and in hand		**30,580**
Debtors	4	**216,076**
		246,656
Current liabilities		
Creditors	5	**(74,604)**
Net current assets		**172,052**
Net assets		**172,052**
Capital reserves		
Called up share capital	6	**260,000**
Profit and loss account	7	**(87,948)**
Shareholders' funds	8	**172,052**

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:

D Watson
Chief Executive

The notes on pages 11 to 14 form part of these 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.

Revenue grants

Grants in respect of revenue expenditure are treated as income and are credited to the profit and loss account in the year received.

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:	
Directors' emoluments	-
Operating lease charges	-
Auditors' remuneration	2,000
Management recharges – from parent undertaking	6,000

4 Debtors

	As at 31 July 2012 £
Amounts falling receivable within one year:	
Trade debtors	2,721
Prepayments	1,638
Amounts due from subsidiaries	211,717
	216,076

5 Creditors

	As at 31 July 2012 £
Amounts falling due within one year:	
Trade Creditors	15,776
Amounts due to parent undertaking	4,957
Accruals	47,259
Taxes and social security	5,556
Other Creditors	1,056
	74,604

6 Share capital

Allotted, called up and fully paid ordinary shares of £1 each	Shares	As at 31 July 2012 £
At start of period	-	-
Proceeds of issue during the period	260,000	260,000
At end of period	260,000	260,000

7 Statement of movements on Profit and loss account

	As at 31 July 2012 £
Opening balance	-
Loss for the financial period	(87,948)
As at 31 July	(87,948)

8 Reconciliation of movements in shareholders' funds

	As at 31 July 2012 £
Shares issued in period	260,000
Retained loss for the period	(87,948)
Net Increase to shareholders' funds	172,052
Opening shareholders' funds	-
Closing shareholders' funds	172,052

9 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.

10 Immediate and ultimate parent undertaking

During the period ended 31 July 2012, Marine Instrumentation Limited is a wholly owned subsidiary of the SOI Group Limited. The directors of Marine Instrumentation 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.