

SOUTHAMPTON ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31ST JULY 2015

Registered Number: 4367489



SOUTHAMPTON ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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SOUTHAMPTON ASSET MANAGEMENT LIMITED

Registered Number: 4367489

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST JULY 2015

The Directors present their report and financial statements of the Company for the year ended 31st July 2015.

PRINCIPAL ACTIVITIES

The Company operates as a holding company for investments in new technology arising from original research work at the University of Southampton.

RESULTS

The Company's profit for the year was £232,609 (2014: loss £113,106), and cumulative profit and loss account surplus (2014:- deficit) was £49,737 (2014:- £182,872).

During the year there were no new investments (2014:- no new investments)

Using British Venture Capital Association (BVCA) rules, at 31st July 2015, excluding share options (see note 6), the Company's investments were valued at £4,652,537 (2014:- £6,584,927). This decrease is mainly due to the sale of some of our shareholdings. It should be noted that BVCA valuations for unquoted shares are indicative based upon the purchase price per share at the latest fundraising round as adjusted for subsequent events, and that this price may not be sustained in future funding rounds.

DIRECTORS AND THEIR INTERESTS

The Directors who served since the date of the last report were as follows:-

Mr D L Spalinger	(Chairman)
Ms S C Pook	Appointed 6th July 2015
Prof. D Nutbeam	Resigned 30th September 2015
Prof. J Petts	

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DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year that 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

STATEMENT OF DISCLOSURE TO AUDITOR

(a) So far as each Director is aware, there is no relevant audit information of which the Company's Auditors are unaware, and

(b) Each Director has taken all the steps that ought to have been taken as a Director in order to make himself aware of any audit information and to establish that the Company's Auditors are aware of that information, and that he has made such enquiries of his fellow Directors and of the Company's Auditors for that purpose, and taken such other steps (if any) for that purpose as are required by his duty as a Director of the Company to exercise due care, skill and diligence.

The Directors prepared this report in accordance with the provisions of section 415A of the Companies Act 2006 relating to small companies.

This report was approved by the Board of Directors on 14th January 2016.



J M Baker
Company Secretary

University of Southampton
Highfield
Southampton
SO17 1BJ

SOUTHAMPTON ASSET MANAGEMENT LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHAMPTON ASSET MANAGEMENT LIMITED

We have audited the financial statements of Southampton Asset Management Limited for the year ended 31st July 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

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 31st July 2015 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 the other matter prescribed by the Companies Act 2006

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

SOUTHAMPTON ASSET MANAGEMENT LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHAMPTON ASSET MANAGEMENT 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.



Richard Bott (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
James Tudor House
90 Victoria Street
Bristol
BS1 6DP

Date: 6/1/16

SOUTHAMPTON ASSET MANAGEMENT LIMITED

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JULY 2015

	Note	2015 £	2014 £
TURNOVER		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Administrative expenses		(11,075)	(11,051)
OPERATING LOSS	2	(11,075)	(11,051)
Profit on disposal of investment		1,139,649	-
Impairment of investment		(87)	(102,056)
Other income/gift in kind		-	-
Interest receivable		1	1
PROFIT/(LOSS) FOR THE FINANCIAL YEAR BEFORE GIFT AID		1,128,488	(113,106)
Transferred to the University of Southampton by gift aid		(895,879)	-
PROFIT/(LOSS) BEFORE TAXATION		232,609	(113,106)
Taxation	5	-	-
PROFIT/(LOSS) AFTER TAXATION AND RETAINED LOSS FOR THE YEAR		232,609	(113,106)
ACCUMULATED DEFICIT BROUGHT FORWARD		(182,872)	(69,766)
ACCUMULATED SURPLUS/(DEFICIT) CARRIED FORWARD		49,737	(182,872)

All activities of the Company are continuing operations.

The Company had no recognised gains or losses other than those above.

The notes on pages 7 to 10 form part of these financial statements.

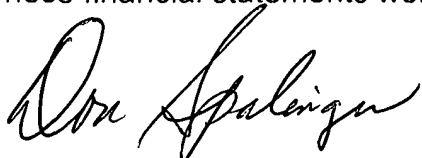
SOUTHAMPTON ASSET MANAGEMENT LIMITED

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BALANCE SHEET AS AT 31ST JULY 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Investments	1(b),6	271,869	272,101
CURRENT ASSETS			
Cash at bank and in hand		1,140,964	1,224
		1,140,964	1,224
CREDITORS			
Amounts falling due within one year	7	(1,362,996)	(456,097)
NET CURRENT LIABILITIES		(222,032)	(454,873)
TOTAL ASSETS LESS CURRENT LIABILITIES		49,837	(182,772)
CAPITAL AND RESERVES			
Called-up share capital	8	100	100
Profit and loss account		49,737	(182,872)
SHAREHOLDER'S DEFICIT	11	49,837	(182,772)

These financial statements were approved by the Board of Directors on 14th January 2016.



D L Spalinger
Director

The notes on pages 7 to 10 form part of these financial statements.

SOUTHAMPTON ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 2015

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's financial statements.

(a) Basis of preparation

These financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards on a going concern basis and under historical cost convention. The going concern basis is considered appropriate by the Directors despite the shareholder's deficit because of the support of the Ultimate Parent Undertaking.

(b) Investments

Investments are stated at the lower of cost and realisable value.

2. OPERATING PROFIT

	2015 £	2014 £
The profit/(loss) before taxation is stated after		
Auditors' remuneration for audit services	4,500	4,488
Auditors' remuneration for non-audit services - taxation	1,068	1,044

3. DIRECTORS' EMOLUMENTS

During the year the Directors received no emoluments for their services (2014:- £ nil)

4. EMPLOYEES

There were no employees during the year (2014:- none). The University of Southampton charged £5,000 (2014:- £5,000) in respect of administrative assistance provided.

5. TAXATION

	2015 £	2014 £
Current tax charge	-	-
Factors affecting the tax charge for the year:		
Profit/(Loss) on ordinary activities before taxation	232,609	(113,106)
Profit/(Loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.7%/22.3%	48,150	(25,223)
Expenses not deductible for tax purposes	-	-
Losses (received from)/surrendered to group	(48,150)	25,223
Current tax charge	-	-

SOUTHAMPTON ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - 31ST JULY 2015 (continued)

6. FIXED ASSET INVESTMENTS

	Listed £	Unlisted £	Total £
Cost:-			
At 1st August 2014	917	373,264	374,181
Additions	-	-	-
Disposals	(145)	(24)	(169)
At 31st July 2015	772	373,240	374,012
Impairment:-			
At 1st August 2014	-	102,080	102,080
Impairment	-	87	87
Reversal of impairment	-	(24)	(24)
At 31st July 2015	-	102,143	102,143
Net book value:-			
At 31st July 2015	772	271,097	271,869
At 31st July 2014	917	271,184	272,101

The listed investments had a market value at 31 July 2015 of £2,718,185 (2014: £4,664,927)

	Proportion of voting rights and share capital held:		Financial Year End	Business
	Excluding future options	Including future options		
Arkivum Ltd	10.41%	8.91%	31st December	Long term data archiving
Capsant Neurotechnologies Ltd	3.07%	2.73%	31st December	Neurological protection
Covesion Ltd	11.62%	10.75%	31st December	R&D on natural science & engineering
Ilika plc	3.57%	3.30%	30th April	Combinatorial chemistry
iQur Ltd	1.85%	1.47%	31st March	Hepatitis
Karus Therapeutics Ltd	1.14%	1.03%	30th June	Cancer & inflammatory disorders
Perpetuum Ltd	4.10%	3.50%	31st December	Harvesting power
Boxarr Ltd	3.70%	2.83%	31st December	Critical path software
Bondco 921 Realisations plc (formerly Rock Solid Images plc)	0.36%	0.36%	31st December	Offshore oil surveying
Studium Ventures	0.00%	0.00%	31st July	Holding Company
Symetrica Ltd	1.68%	1.58%	30th September	Radiation detection
Synaigen plc	3.94%	3.72%	31st December	Respiratory disorders

All companies are incorporated in the United Kingdom.

Initially, when setting up companies invested in prior to further external venture capital funding, and to ensure adequate working capital, the Company's proportion of voting rights and share capital held sometimes exceeds 20%. However, the results of such investments, and also the results of the other investments over 20% have not been consolidated in the accounts of the Company because (a) the Company's policy is only to take up future options when further rounds of funding dilute the Company's proportion to less than 20% of each investment including any options taken up, and (b) the Boards of the above investments are also fully independent of the University of Southampton, the Company's Ultimate Holding Company.

SOUTHAMPTON ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - 31ST JULY 2015 (continued)

7. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Amounts owed to group undertakings	1,357,399	450,511
Other creditors and accruals	5,597	5,586
	<hr/>	<hr/>
	1,362,996	456,097
	<hr/>	<hr/>

8. CALLED-UP SHARE CAPITAL

	2015 £	2014 £
Authorised:-		
'A' Ordinary shares of £1	800	800
'B' Ordinary shares of £1	200	200
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
Allotted and called up:-		
'A' Ordinary shares of £1	80	80
'B' Ordinary shares of £1	20	20
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

The 'A' and 'B' Ordinary shares rank *pari passu* in all respects except:-

(a) Income - the 'B' shareholders shall not be entitled to any dividend or distribution which would otherwise be payable, or other distributable profits which have arisen in the Company or any asset of the Company, to the extent that the same forms part of, or is made out of, the 'A' Fund, and such dividend or profits may only be paid to the holders of 'A' shares.

(b) Capital - on a winding up, reconstruction or other occasion on which there is any return or repayment of capital, including distributions *in specie* and including any such distribution as may be made by a liquidator under the Insolvency Act 1986, the holders of the 'A' shares shall be exclusively entitled to have distributed to them, or their nominees, either all the 'A' Fund or all the consideration (whether paid in cash, loan notes or securities) paid or payable by purchasers to the Company in respect of the 'A' Fund or, in the case of a transfer or sale of any of the 'A' Fund where the Insolvency Act 1986 applies, such securities (whether shares, loan notes or debentures) or other consideration as may be due to the Company or the liquidator thereof in consideration of the transfer or sale of the 'A' Fund.

Subject to the above, in the winding up of the Company, the surplus assets shall be divided amongst the Members *pari passu*.

SOUTHAMPTON ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS - 31ST JULY 2015 (continued)

9. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is the University of Southampton, a body corporate incorporated by Royal Charter in England, which is the smallest and largest group for which group financial statements are prepared.

The group accounts of the University of Southampton and its subsidiary undertakings are available to the public and may be obtained from the University of Southampton, Highfield, Southampton, SO17 1BJ.

10. CASH FLOW STATEMENT

The financial statements of the University of Southampton for the year ended 31st July 2015 contain a consolidated statement of cash flows. The Company has taken advantage of the exemption granted by Financial Reporting Standard ("FRS") Number 1 whereby it is not required to publish its own cash flow statement.

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2015 £	2014 £
Profit/(loss) for the year and reduction in shareholders' funds	232,609	(113,106)
Opening shareholders' funds (deficit)	(182,772)	(69,666)
	<hr/>	<hr/>
Closing shareholders' funds surplus/(deficit)	49,837	(182,772)
	<hr/>	<hr/>

12. RELATED PARTY TRANSACTIONS

During the year, the Company was charged by related parties as follows:-

	2015 £	2014 £
University of Southampton (administration)	5,000	5,000

At the balance sheet date the amount owed to related parties was as follows:-

	2015 £	2014 £
The University of Southampton Science Park Limited	1,621	1,621
University of Southampton	1,339,129	432,241
Southampton Innovations Limited	16,649	16,649