Company Registration No. 02225820 (England and Wales)

Gas Strategies Group Limited

Annual report and financial statements for the year ended 31 December 2019

Gas Strategies Group Limited

Company information

Directors	David Mauro Clare Spottiswoode Patrick Breen
Secretary	Patrick Breen
Company number	02225820
Registered office	10 St Bride Street London EC4A 4AD
Independent auditors	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE

Gas Strategies Group Limited

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The directors present the strategic report for the year ended 31 December 2019.

Principal activities

During 2019 the principal activities of the group continued to be consulting services to the global energy industry, supported by supplementary service lines of management training and the provision of information services to that client base.

Development and performance of the business

Highlights

At the time of this report, in May 2020, the principal concern of the directors is in addressing the challenges facing Gas Strategies as consequence of the global health crisis from COVID-19, the resulting economic crisis and impending financial crisis, and their combined impacts on the oil and gas industry.

The increasing recognition of these challenges since early February 2020, has brought previously unseen reductions in GDP around the world, increases in unemployment, and government intervention to support economies, businesses and people. It is now recognised that these came on top of an already occurring deceleration in economic growth since late 2019 – a year now on record as showing a reduction to 2.3% GDP growth and the lowest growth rate since the Global Financial Crisis. For the global oil and gas industry they have combined with the oil production war between Saudi Arabia and Russia, and oversupplied markets.

While the directors consider that the strategic positioning and conservative financial management of Gas Strategies has positioned the business well to sustain through this radically changed environment, it nonetheless represents significant risk in the short and medium term. Our priority has remained to be well positioned to support our clients and our people throughout the period of economic lockdown and what may be a slow and radically different pathway of recovery. As a consequence, a number of actions have been taken to align Gas Strategies resources capacity to our reasonable expectations of business activity through late 2020. The directors consider that these are appropriate steps to take to preserve the long-term future of Gas Strategies, while hoping that an early recovery will allow the reversal of these arrangements as soon as possible.

It is clear that nobody expected the oil and gas industry to return to the present scale of challenges so soon following the industry recession between 2014 and 2017.

The 2017 - 2018 recovery of confidence in the LNG industry had shown signs of faltering in the latter part of 2018 as a paucity of hoped-for long term contracting of new LNG capacity failed to materialise. Coinciding with a stalling in oil price recovery and higher oil price volatility. This continued into 2019 with the very notable fact that although a record volume of new liquefaction capacity was FID'd in the year, more than 60% of this was capacity was being underwritten from lifting by the projects' equity backers.

There has been much debate about the causes and effects of this apparent reluctance of buyers to contract long term for supply. Whether it has been driven by confidence of future market liquidity removing a security of supply concern, buyer concerns regarding home market liberalisation, caution regarding the medium term risks from decarbonisation, or other factors, what is clear is that there has been significant structural change in demand formation for new supply.

In this world, the US liquefaction phenomenon appeared to be particularly challenged, with only Calcasieu Pass and Sabine Pass Train 6 expansion achieving offtaker-backed FID in 2019.

Within 2019, LNG supply grew by more than 13% year on year originating principally from new capacity coming onstream in the USA, Australia and Russia. Analysis of shipping flows indicates that approximately one quarter of this increase arrived in Western Europe, including volumes that were reexported. This was not necessarily the destination most long term buyers or project developers anticipated at sanction. It reflected a well supplied market with LNG sellers seeking the liquid gas hubs of the region as a market of last resort. Contributing to this was the extent to which accepted wisdoms about demand growth proved unreliable. Chinese imports undershot expectations, while the low price environment failed to get a demand response from India. The kind of spot cargo purchasing that can push prices up was, as a result, more subdued in the Pacific Basin.

During 2019 Gas Strategies continued to play a significant role in respect of new liquefaction capacity, particularly in the financing and refinancing of projects and support to the marketing strategies of developers. We ended the year with a healthy sales pipeline of support to impending 2020 and 2021 financings and FIDs. We also extended our capability and support to established LNG businesses in supporting their portfolio and shipping strategies and management and supporting the investigation and resolution of contentious commercial and operational matters.

Investments in real assets continued to increase during 2019 with this trend predicted to continue as investors looked to diversify their portfolios as prospects of inflation heated up and markets continued to be volatile. Investors continued to be attracted to energy assets and more challenging locations and jurisdictions in their quest for better returns.

Fundraising by infrastructure funds has been substantial in the past few years, and reached new highs in 2019. A total of $98bn was raised for infrastructure investment from investors – a new record, of which half went to just five funds. Mega private capital funds have been a feature of the industry for some time, but given the limited size of the total infrastructure fundraising market, they wield outsized influence.

Partly fueled by such strong fundraising activity, assets under management (AUM) hit new records in successive years throughout the 2010s. As of June 2019, AUM stands at a record-high $582bn, having crossed the $500bn mark for the first time at the end of 2018. And fund managers have been putting that capital to work: called capital reached a peak of $89bn in 2018, and 2019 surpass that level.

But success, as ever, is not all positive. Good returns have drawn more capital into the asset class, which has meant more competition for attractive investment opportunities. This has pushed up asset pricing and made deal-making more challenging. The infrastructure deals market has slackened in the past two years, with assets in North America and Europe requiring more lengthy due diligence in order to make sure high pricing has left enough potential upside.

Operators are adapting in two main ways: first, they are reducing the targeted returns of the funds they have in market, recalibrating their ambitions in light of the current environment. Second, they are looking to move into higher-risk strategies and new markets. As such, we have seen a shift toward value-added funds and a renewed focus on emerging markets. There is differentiation by geography, sector, and risk/return appetite, with strategies such as core, core-plus, super core, and value add to address specific segments in the marketplace. That kind of specialization reflects, to a certain extent, the challenge of demand for assets vs. supply.

Gas Strategies has been well positioned to support this evolution towards more challenging assets, particularly where there is inherently greater complexity in the asset, its business operation and its market. During 2019 we have supported a number of first-tier investors in transactions involving oil and natural gas pipeline and processing and liquefaction asset investment across North West Europe, North America, the Middle East and Australia.

2019 saw Gas Strategies fall back from the rate of business that had sustained through to late in 2018. The growth objectives that formed the core of business plans for 2019 proved to be overly ambitious and the pace of new business fell off from mid-year. With hindsight this can now be recognised as being consistent with the general global fall back in global economic growth rates achieved in 2019.

2019 overall has provided a relatively strong performance for Gas Strategies relative to the previous 5 years overall, although a year on year reduction of 11.3% in aggregate revenues.

Business environment

A future very different from the past

In the Strategic Report accompanying the 2018 financial statements this same heading was used but now has an entirely different context and meaning. The business plans carefully developed for 2020 and reflecting significant growth objectives must inevitably be set aside and a more pragmatic and resourceful approach taken in the leadership and management of Gas Strategies:

- It has by now become clear that economic growth was decelerating as the world approached the end of 2019 and with a fall back in GDP emerging in 2020, even before the COVID-19 pandemic was forcing lockdown
- The global lockdown responses to the pandemic have brought massive further reductions in economic activity, step changes in unemployment, and new income sustaining schemes like the UK Government's Coronavirus Job Retention Scheme. In the case of the UK some forecasters predict that 2019 levels of economic activity may not return until 2023, with significant uncertainty on how and when existing restrictions will ease and recovery commence
- For the global oil and gas industry the early period of pandemic response coincided with the launch of an oil trade war between Saudi Arabia and Russia, driving oil prices sharply downwards; a position from which there has been relatively little recovery owing to the dramatic fall of 25% in global oil demand to levels last experienced 25 years ago, despite the recent agreements to reduce production by an extraordinary 10 million barrels a day
- Capex and opex budgets of majors and minnows alike have been slashed in response to the sharp price and volumes driven reduction in revenues; projects are deferred, even under-construction projects are threatened, and prior agreed deals are being reevaluated.

We believe that it is at times like the present that the deep and diverse experience of the Gas Strategies team, together with our leading brand in the market, positions us to sustain and operate successfully.

Gas Strategies has been supporting change in the global gas and LNG industry for almost 35 years. We remain close to the industry and our clients, and active in helping them recognise and address business change. We continue to maintain our strong ear to the ground, eye to the horizon, and finger on the pulse of the industry.

In light of current market circumstances and in the absence of any reasonable confidence regarding the pathway or timing of return to higher levels of economic activity, Gas Strategies has suspended its plans and investments for growth in 2020. Instead, following establishment of a stable basis for the business to operate on a remote basis, from an abundance of caution we have taken a number of actions to position for engagement in a constrained client market and a slow recovery, including:

- Selective furloughing and short-time for a number of staff
- Realignment of Management structures and processes to short term reduced size and revenue potential of the business,
- Focus on short term revenue generation and delivery
- Rationalisation of pro-active BD engagement

The Directors consider that through these actions, underpinned by strong capitalisation and prudent financial management, Gas Strategies is well positioned to trade through the uncertain conditions in its business environment.

Business Performance during 2019

Headline business performance shows a fall back in revenues year-on-year against 2018, with overall services revenues reduced by 11.3%.

Revenue performance through the year was strongest in H1 when 55% of the year's outturn accrued. This reflects the adverse trend of new business experienced as the year progressed and general economic growth slowed. This trend was particularly present in Consulting revenues, with a more stable profile for Information Services in keeping with its annual prepaid subscription model.

Business performance was relatively consistent across all of our chosen market segments: LNG, Infrastructure and Developing Energy Markets. Our established core business supporting investment funds. lenders and established players in global LNG projects development and markets again performed strongly, with continued investment in strategic infrastructure players and in development of new LNG markets providing weaker returns.

Our portfolio through 2019 has continued to include projects that reflect some of the greatest challenges being faced by players in the global gas and LNG industry, including:

- Continued work with a sub-Saharan LNG project developer as their strategic marketing and financing advisor as they sought to fast-track the progress of the project to SPA commitment and FID

- Supporting a heritage LNG buy-side player in the delivering value from its portfolio through management of contentious matters in a number of its supply contracts

- Supporting infrastructure players across transactions in Europe, the United States, the Middle East and Australia including LNG, gas and oil assets and businesses

- Working with a strategic infrastructure player in their assessment of the business threats from decarbonisation policies and in the development of their strategic response for the management of their core gas transit business Working with a heritage LNG buy-side player in the development and implementation of organisation changes to establish their positioning as a global portfolio player

-Continuing in our role as strategic and commercial lead advisors to a major government initiative to manage and monetise flare gas from oil production in Africa

Our support to investors in gas infrastructure continued to be a material part of the Consulting business mix in 2019, supporting private equity, sovereign wealth funds, infrastructure funds and strategic infrastructure players in transactions and portfolio planning.

Geographically, Consulting continues to support a client base focused on the gas, LNG and gas/LNG-to-power sectors at various stages of maturity and across the globe in both developed and developing economies.

Within our Information Service business line, subscriber behaviour and renewals remained relatively stable through 2019. Our editorial team has continued to strengthen the timely relevance and the quality of content as the global gas and LNG market undergoes fundamental challenge and change. We have strong belief in the quality of our published content and in the role of Gas Strategies as a source of unique industry commentary. As has been the case for a number of years, the information services environment continues to be characterised by a low barrier to entry, large supply of poor quality competition for the eyes of the reader and a significant mindset that information is free.

We recognise the great contribution which our staff and associates make to the success of Gas Strategies Group. We have again increased our complement of skilled and experienced people during 2019 and have maintained a strong commitment to their training and development. Maintaining our commitment to our people while at the same time applying prudent business management to align our capacity with business needs, represents a new challenge to be addressed in the market circumstances of 2020. We recognise that our business would not be what it is without their commitment, and without our valued clients who trust us with some of their greatest business problems.

Key Perfomance Indicators

Gas Strategies Group Limited considers its key performance indicators to be:

Sales Growth – (-11.3%; 2018 54.7%) reflecting a fall back in line with the business environment

Gross Margin – (50.58%; 2018 52.63%) resulting from reduced activity levels and associated lower staff utilisation

Operating Profit – (15.38%; 2018 20.73%) reflecting the impact of lower revenues and gross margin against a relatively stable overhead cost base

Principal Risks and Uncertainties

The company is exposed to risks in the confidence and direction of the global gas, LNG and wider energy industry, which is closely related to overall economic growth and to trends in global oil and gas prices. This risk may impact from time to time the demand for and competitive remuneration rates available in the market for the company's services, in addition to the availability, salaries and fee levels of staff and consultants.

In the short and medium term this will be most particularly a factor of the pathways and timing of economic recovery from the business lockdown situation resulting from the COVID-19 pandemic, the rate at which business confidence returns and the response of energy demand and supply.

In the medium to long term the business may be impacted by climate change policies and response of the industry to the decarbonisation agenda facing the energy industry although the extent and timing of these is largely unknown.

The company is also exposed to risks in the movement of £/US$, and £/€ exchange rates which can be impacted by global economic uncertainty including the impacts of Brexit on the United Kingdom economy. This may impact from time to time our competitiveness in the marketplace, the margins achieved on our services and exchange losses.

On behalf of the board

Patrick Breen
Director
13 May 2020

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

During 2019 the principal activities of the group continued to be consulting services to the global energy industry, supported by supplementary service lines of management training and the provision of information services to that client base.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

David Mauro
Clare Spottiswoode
Patrick Breen

Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

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 judgements and accounting estimates that are reasonable and prudent;
- 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Cash Flow, Borrowing and Liquidity
The company has again achieved strong cash flow from its trading activities, with effective management of working capital. The business has been self-financing throughout the year.

In light of the continuing trading uncertainties that result from the outlook for global energy markets and wider economies during 2020, the directors have made prudent assessments of potential impact on company cash flows during 2020. The directors believe that existing resources will support the cash flow and liquidity requirements of the business in trading during 2020.

Employees
Details of the number of employees are given in Note 4 in the financial statements.

Applications for employment by disabled persons are always considered. In the event of existing members of staff becoming disabled every effort would be made to ensure that their employment with the company continues and the appropriate support and training is available.

The company aims to keep employees informed of all relevant matters through regular staff meetings, both formal and informal, and through written communications. Staff issues are dealt with efficiently and fairly. The company feels it has a transparent and appropriate policy for employee remuneration.

Environment
The company recognises the importance of its environmental responsibilities and monitors its impact on the environment and designs and implements appropriate policies to minimise any damage that might be caused by the company's activities. Initiatives designed to minimise the company's impact on the environment include recycling and reducing energy consumption wherever possible.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Patrick Breen
Director
13 May 2020

Gas Strategies Group Limited

Independent auditor's report
To the members of Gas Strategies Group Limited

Opinion

We have audited the financial statements of Gas Strategies Group Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard , and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Lucy Brennan (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

19 May 2020

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Gas Strategies Group Limited

Statement of comprehensive income
For the year ended 31 December 2019

	Note	2019	2018
		£	£
Turnover	**2**	6,057,169	6,829,898
Cost of sales		(2,993,106)	(3,234,882)
Gross profit		3,064,063	3,595,016
Administrative expenses		(2,132,128)	(2,118,284)
Operating profit		931,935	1,476,732
Interest receivable and similar income		99,433	95,991
Profit before taxation		1,031,368	1,572,723
Tax on profit		(185,982)	(294,282)
Profit for the financial year		845,386	1,278,441

Gas Strategies Group Limited

Statement of financial position
As at 31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	5		107,234		167,708
Investments	7		200		200
			107,434		167,908
Current assets					
Debtors	8	3,689,522		4,673,421	
Cash at bank and in hand		1,429,975		1,150,073	
		5,119,497		5,823,494	
Creditors: amounts falling due within one year	9	(882,122)		(1,551,979)	
Net current assets			4,237,375		4,271,515
Total assets less current liabilities			4,344,809		4,439,423
Capital and reserves					
Called up share capital	10		400,000		400,000
Share premium account			43,012		43,012
Profit and loss reserves			3,901,797		3,996,411
Total equity			4,344,809		4,439,423

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 27 April 2020 and are signed on its behalf by:

Patrick Breen
Director

Company Registration No. 02225820

Gas Strategies Group Limited

Statement of changes in equity
For the year ended 31 December 2019

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 January 2018		400,000	43,012	4,507,970	4,950,982
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	1,278,441	1,278,441
Dividends		-	-	(1,790,000)	(1,790,000)
Balance at 31 December 2018		400,000	43,012	3,996,411	4,439,423
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	845,386	845,386
Dividends		-	-	(940,000)	(940,000)
Balance at 31 December 2019		400,000	43,012	3,901,797	4,344,809

Gas Strategies Group Limited

Statement of cash flows
For the year ended 31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Cash generated from operations	**15**		1,519,206		875,938
Income taxes paid			(382,030)		(70,451)
Net cash inflow from operating activities			1,137,176		805,487
Investing activities					
Purchase of tangible fixed assets		(16,707)		(42,800)	
Proceeds on disposal of tangible fixed assets		-		100	
Interest received		99,433		95,991	
Net cash generated from investing activities			82,726		53,291
Financing activities					
Dividends paid		(940,000)		(1,790,000)	
Net cash used in financing activities			(940,000)		(1,790,000)
Net increase/(decrease) in cash and cash equivalents			279,902		(931,222)
Cash and cash equivalents at beginning of year			1,150,073		2,081,295
Cash and cash equivalents at end of year			1,429,975		1,150,073

1 Accounting policies

Company information

Gas Strategies Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is 10 St Bride Street, London, EC4A 4AD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. T he company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

The financial statements of the company are consolidated in the financial statements of Gas Strategies Holdings Limited. These consolidated financial statements are available from its registered office, 10 St Bride Street, London, EC4A 4AD.

1.2 Turnover

Turnover represents the amounts receivable in respect of goods and services supplied net of VAT and discounts.

The value of Consulting services is recognised as the services are rendered, including revenues based on fixed prices and contractual man-day rates. Incentive performance revenues are recognised upon completion of agreed objectives. Training course delegate fees are recognised upon completion of the training course. Information Services revenues are recognised on a straight line basis over the subscription term.

1 Accounting policies (continued)

1.3 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	33.33% using the straight line basis

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	Over the term of the lease
Fixtures, fittings & equipment	25% and 33.33% using the straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Accounting policies (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

1 Accounting policies (continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Turnover and other revenue

	2019	2018
	£	£
Other significant revenue		
Interest income	99,433	95,991

2 Turnover and other revenue (continued)

	2019	2018
	£	£
Turnover analysed by geographical market		
UK	767,501	611,224
Overseas (excluding US)	2,521,956	5,448,185
US and Canada	2,767,712	770,489
	6,057,169	6,829,898

3 Auditor's remuneration

	2019	2018
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	16,250	15,750

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 28 (2018 - 26).

5 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2019	952,286
Additions	16,707
Disposals	(3,673)
At 31 December 2019	965,320
Depreciation and impairment	
At 1 January 2019	784,578
Depreciation charged in the year	77,181
Eliminated in respect of disposals	(3,673)
At 31 December 2019	858,086
Carrying amount	
At 31 December 2019	107,234
At 31 December 2018	167,708

6 Intangible fixed assets

	Software
	£
Cost	
At 1 January 2019 and 31 December 2019	39,934
Amortisation and impairment	
At 1 January 2019 and 31 December 2019	39,934
Carrying amount	
At 31 December 2019	-
At 31 December 2018	-

7 Fixed asset investments

	2019	2018
	£	£
Investments	200	200

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values. The subsidiary undertakings whose results or financial position principally affected the figures are listed in note 14.

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2019 & 31 December 2019	200
Carrying amount	
At 31 December 2019	200
At 31 December 2018	200

8 Debtors

	2019	2018
Amounts falling due within one year:	£	£
Trade debtors	828,426	797,479
Amounts owed by group undertakings	2,219,673	2,365,521
Other debtors	641,423	1,510,421
	3,689,522	4,673,421

Trade debtors disclosed above are measured at amortised cost.

9 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	131,509	215,839
Amounts owed to group undertakings	200	200
Corporation tax	81,702	277,750
Other taxation and social security	79,041	66,074
Other creditors	589,670	992,116
	882,122	1,551,979

10 Called up share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
400,000 Ordinary shares of £1 each	400,000	400,000

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019	2018
	£	£
	247,200	445,860

12 Related party transactions

Transactions with related parties

The company has taken advantage of the exemption in Financial Reporting Standard 102 Section 33 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

During the year, DVM Consulting Inc invoiced Gas Strategies Group Limited £13,192 (2018: £16,808). David Mauro, a director of the company, is a director of DVM Consulting Ltd.

The Company's results are included in the consolidated results of Gas Strategies Holdings Limited, copies of whose accounts may be obtained from the Company's registered office, 10 St Bride Street, London, EC4A 4AD.

13 Parent company

The ultimate parent company is Gas Strategies Holdings Limited. Patrick Breen is the ultimate controlling party.

14 Subsidiaries

These financial statements are separate company financial statements for Gas Strategies Group Limited.

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking and country of incorporation or residency		**Nature of business**	**Class of shareholding**	**% Held**
Alphatania Limited	England & Wales	Dormant Company	Ordinary	100
Gas Matters Limited	England & Wales	Dormant Company	Ordinary	100
Gas Strategies Consulting Limited	England & Wales	Dormant Company	Ordinary	100
Overview Outreach Limited	England & Wales	Dormant Company	Ordinary	100

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	**Profit/(Loss)**	**Capital and Reserves**
	£	**£**
Gas Strategies Consulting Limited	-	100
Overview Outreach Limited	-	100

15 Cash generated from operations

	2019	2018
	£	£
Profit for the year after tax	845,386	1,278,441
Adjustments for:		
Taxation charged	185,982	294,282
Investment income	(99,433)	(95,991)
Gain on disposal of tangible fixed assets	-	(100)
Amortisation and impairment of intangible assets	-	6,191
Depreciation and impairment of tangible fixed assets	77,181	74,194
Movements in working capital:		
Decrease/(increase) in debtors	983,899	(1,184,681)
(Decrease)/increase in creditors	(473,809)	503,602
Cash generated from operations	1,519,206	875,938

16 Analysis of changes in net funds

	1 January 2019	Cash flows	31 December 2019
	£	£	£
Cash at bank and in hand	1,150,073	279,902	1,429,975