

Company Registration No. 02225820 (England and Wales)

**Gas Strategies Group Limited**

**Annual report and financial statements  
for the year ended 31 December 2017**

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## Gas Strategies Group Limited

### Company information

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

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## **Gas Strategies Group Limited**

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The directors present the strategic report for the year ended 31 December 2017.

**Principal activities**

During 2017 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**

Following three consecutive years of depressed activity in the global gas and LNG industry, 2017 showed the prospect of a move towards recovery. Oil prices strengthened to the \$67 / bbl level bringing late - year support to the profitability of oil and gas majors on top of the accumulating benefits achieved from tight cost management and capital rationing.

The significant LNG supply overcapacity that was expected for 2017 did not materialise owing to a combination of continued strengthening of demand in import countries and completion delays on new projects. Nonetheless the Eni-led Coral LNG project was the only new liquefaction project to take FID in the year. By the end of 2017, spurred on by a tight winter supply demand balance and Asian LNG prices close to \$10/MMBtu, concerns were growing regarding the need for additional new liquefaction capacity as early as 2021 – 22.

Despite this more positive outlook, the global gas and LNG industry faces a potential stalemate between buyers and sellers. Buoyed by increased market liquidity and the challenges of liberalisation in their home markets, many buyers see the opportunity and necessity to contract on a short term basis for LNG. Project developers on the other hand have not yet reached a point where financiers are prepared to look beyond long term offtake commitments to back investment requirements. Meanwhile, the next wave of new market opportunities for LNG are proving difficult to mobilise through existing import project models.

As at the beginning of 2018, the gas and LNG industry is offering up a wide variety of challenges and opportunities very different to the somewhat benign state in which the industry entered recession in 2014.

For Gas Strategies Group, 2017 appears to represent the trough of the recessionary period which extended over a near 9 month period to June 2017. Following a challenging first 6 months of the year, revenues recovered strongly through Quarter 3 and Quarter 4, with almost 65% of the year's revenues delivered in that period. Overall in these circumstances the year-on-year 5.4% reduction in revenues was considered a positive outcome. Significantly, the performance levels of Quarter 3 and Quarter 4 of 2017 have been sustained through 2018 to date.

The upturn in performance of the business in the second half of 2017 represents the result of initiatives over the prior 12 month period to strengthen the relevant commercial experience within our team and to effect a significant uplift in our market facing activities. The relative year-on-year subdued profitability reflects the investments made.

We believe that Gas Strategies is well positioned and equipped to participate in the return of the global gas and LNG industry to growth and profitability, with contemporary capabilities and experience to meet contemporary needs.

### **Business environment**

Following some oil price recovery during 2016, oil prices again slumped early in 2017 amid concerns that rising crude production from Nigeria, Libya and elsewhere would undermine output cuts led by OPEC and Russia. However, prices rallied nearly 50 percent from the middle of the year on robust demand and strong compliance with production limits.

Oil prices closed 2017 with strong gains on signs the global glut that had dogged the market since 2014 was shrinking. Brent was up more than 17 percent since the beginning of the year, to close at \$66.92 / bbl. U.S. West Texas Intermediate was 12.5 percent higher on the year.

Meanwhile in LNG markets concerns regarding an impending supply glut further abated as 2017 progressed, as continued strengthening of demand in importing countries combined for a second year with completion delays in new projects. As Gas Strategies' *LNG Outlook 2018* described, 2017 ended on a high for many LNG suppliers, liquefaction capacity holders and LNG traders: the winter market of 2017/18 was unexpectedly tight, with Asian LNG prices close to USD 10/MMBtu and oil prices on the rise. The global LNG market readily absorbed around 30 mt of additional supply in 2017, leading some in the industry to start questioning the notion of oversupply that lasts into the early 2020s. Yet, within the year, Eni-led Coral FLNG was the only new liquefaction project to take FID.

2017 was consequently a year of slowly recovering confidence for the global oil and gas industry, when worst-case scenarios for demand and prices failed to materialise.

The industry continued its focus on acute cost management and capital rationing which supported strong growth in profitability for oil and gas majors.

As the global oil and gas industry recovers, there are some strong expectations that the industry will be quite different from the one that entered the 3-year recession in mid-2014.

### **Consulting opportunity**

Gas Strategies has been active in maintaining and developing its presence within the global LNG and gas value chain throughout the past 4 years of change. At a time when other consulting organisations have withdrawn from or significantly rationalised their activities in the industry, we have been consistently working with clients as they have sought to address the challenges and opportunities which the market has represented. Some of that contemporary industry understanding is reflected in this review of the business environment.

Just as the global gas and LNG industry is emerging from the 3-year recession very different to its ways of working in mid-2014, so too we have recognised that Gas Strategies would require different and more contemporary skills, capabilities and experience within its team in order to maintain our positioning in support of clients in their most difficult challenges and complex problems. This includes being recognised for how we bring a strongly integrated depth of technical and commercial capability to understanding and evaluating business and project opportunities.

We are recognised by our clients for having our “finger on the pulse” of the industry at all points in the gas and LNG value chain from our ongoing support and dialogue with clients. We recognise that clients are bringing in Gas Strategies support earlier in their project development and opportunity evaluation process. We have actively recruited some of the most experienced commercial managers in the industry and have developed our in-house tools and methods to reflect the new maturity of markets and clients. We believe we are positioned better than most of our competitors to participate in the return of the global gas and LNG industry to growth and profitability.

### **Business Performance during 2017**

Headline business performance shows a year-on-year deterioration against 2016, with overall services revenues falling in total by 6.6% year on year. This was strongly influenced by the trough of the 3 year industry recession which Gas Strategies experienced over a 9 month period from October 2016. Recovery in our Consulting services activity took hold towards the end of Quarter 2 of 2017, with almost 65% of revenues delivered in the second half of the year, and has continued through 2018 to date. Consulting revenues ended the year 4% down on 2016. Information Services continued to suffer with a further 20% drop in revenues.

The difficult trading conditions through 2016 continued into the early months of 2017. This was previously described in our 2016 Strategic Report as the most challenging circumstances experienced by the business in more than 10 years. Despite this environment, a decision was made early in 2017 to invest in a high level of market facing activity in order to grow market share and to be significant participants in any industry recovery that might occur during 2017. This commenced with a significant on the ground presence at the April Gastech conference held in Tokyo. This was complemented by a focus on continuing to recruit on a highly selective basis to strengthen commercial capabilities within the consulting team.

A more positive industry sentiment was evident during the Tokyo event and the April initiative marked the start of a significant uplift in the volume and quality of our Consulting opportunity pipeline. A number of the more strategic and large scale projects emerging in that period took some extended time to develop and close in Quarter 3 and Quarter 4, although revenue uplift was already becoming apparent by June.

Investment in this higher level of active market engagement was sustained for the remainder of 2017, including business development initiatives across 3 North America locations, 4 in Asia-Pacific and a number in Europe.

Our portfolio through 2017 has continued to include projects that reflect some of the greatest challenges being faced by players in the global as and LNG industry, including:

- Working with a Pacific Basin LNG equity player to develop their strategy and capabilities to optimise the risk and value in their portfolio as it and the LNG industry mature
- Supporting a major European utility by providing an independent assessment of the value at risk from its large exposure under LNG contracts from US Gulf projects, and developing its strategy and plan for implementation of marketing and optimisation capabilities to manage that risk
- Appointed strategic and commercial lead advisors to a major government initiative to manage and monetise flare gas from oil production in Africa

## **Gas Strategies Group Limited**

### **Strategic report (continued)**

**For the year ended 31 December 2017**

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- Being market and project development advisor for a major power, gas and LNG player in their global search for realisable new market opportunities for power, gas and LNG

Our support to investors in gas infrastructure continued to be a material part of the Consulting business mix in 2017, supporting private equity and sovereign wealth funds and infrastructure funds 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, staff illness and changes had a negative impact on the consistency of client relationships and engagement for much of the year. This contributed to a further erosion of subscriber numbers during a year in which management attention was primarily focused on driving the turnaround achieved in Consulting. By the end of 2017 it was recognised that a significant strategic review and repositioning of Information Services is required to ensure that it effectively supports the overall brand and engagement of Gas Strategies with our client base.

Our editorial team has continued to strengthen their connection to the market and the timely relevance of content as the global gas and LNG market undergoes fundamental challenge and change. The flagship Gas Strategies Interviews series has continued to build recognition, and a compendium of the best of prior year interviews was published at the end of 2017.

Despite continuing challenging market conditions in 2017, Gas Strategies Group maintained reasonable profitability for the year overall, while allowing for the significant uplift in investment in market facing activities in the year.

We recognise the great contribution which our staff and associates make to the success of Gas Strategies Group and have maintained a strong commitment to their training and development despite the market conditions and associated business challenges. We recognise once again 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 Performance Indicators**

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

Sales Growth – (-5.4%; 2016 -21.0%) principally represented by contraction in Information Services

Gross Margin – (43.64%; 2016 52.49%) resulting from low activity levels in the first half of the year and increased expenditure in market development

Operating Profit – (7.92%; 2016 12.7%) reflecting the impact of gross margin offset and increased marketing spend offset by stronger control of overheads

**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.

The company is also exposed to risks in the movement of £/US\$, and £/€ exchange rates. This may impact from time to time our competitiveness in the marketplace, the margins achieved on our services and exchange losses.

The uncertainties and risks introduced by the United Kingdom referendum decision to leave the European Union have continued without clarity or resolution in 2017. This may impact our access to and competitiveness in the EU marketplace and may have consequences on the company's eligibility to undertake projects for some existing and potential clients.

On behalf of the board



Patrick Breen

Director

23 April 2018

## **Gas Strategies Group Limited**

### **Directors' report**

**For the year ended 31 December 2017**

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The directors present their annual report and financial statements for the year ended 31 December 2017.

#### **Principal activities**

During 2017 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.

## Gas Strategies Group Limited

### Directors' report (continued)

For the year ended 31 December 2017

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#### 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 2018, the directors have made prudent assessments of potential impact on company cash flows during 2018. The directors believe that existing resources will support the cash flow and liquidity requirements of the business in trading during 2018.

#### 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

23 April 2018

## **Gas Strategies Group Limited**

### **Independent auditor's report**

#### **To the members of Gas Strategies Group Limited**

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#### **Opinion**

We have audited the financial statements of Gas Strategies Group Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position 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 2017 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.

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.

#### **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.

## **Gas Strategies Group Limited**

### **Independent auditor's report (continued)**

#### **To the members of Gas Strategies Group Limited**

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#### **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.

**Gas Strategies Group Limited**

**Independent auditor's report (continued)**  
**To the members of Gas Strategies Group Limited**

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**Responsibilities of directors**

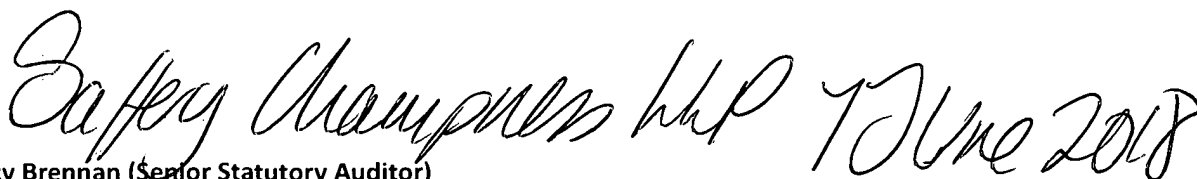
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation 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.

A large, handwritten signature in black ink that reads "Saffery Champness LLP 7 June 2018".

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

**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 2017**

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		<b>2017</b>	<b>2016</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	4,413,837	4,669,277
Cost of sales		(2,487,354)	(2,218,085)
<b>Gross profit</b>		1,926,483	2,451,192
Administrative expenses		(1,516,151)	(1,857,709)
<b>Operating profit</b>		410,332	593,483
Interest receivable and similar income		93,114	89,914
<b>Profit before taxation</b>		503,446	683,397
Tax on profit		(76,900)	(139,423)
<b>Profit for the financial year</b>		426,546	543,974

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**Gas Strategies Group Limited**

**Statement of financial position  
As at 31 December 2017**

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Intangible assets	6		6,191		19,429
Tangible assets	5		199,102		269,266
Investments	7		200		200
			<u>205,493</u>		<u>288,895</u>
<b>Current assets</b>					
Debtors	8	3,488,740		2,997,364	
Cash at bank and in hand		2,081,295		2,274,335	
		<u>5,570,035</u>		<u>5,271,699</u>	
<b>Creditors: amounts falling due within one year</b>	9	(824,546)		(936,158)	
<b>Net current assets</b>			<u>4,745,489</u>		<u>4,335,541</u>
<b>Total assets less current liabilities</b>			<u>4,950,982</u>		<u>4,624,436</u>
<b>Capital and reserves</b>					
Called up share capital	10		400,000		400,000
Share premium account			43,012		43,012
Profit and loss reserves	11		4,507,970		4,181,424
<b>Total equity</b>			<u>4,950,982</u>		<u>4,624,436</u>

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 ~~21 April 2018~~ 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 2017**

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2016</b>		400,000	43,012	4,712,450	5,155,462
<b>Year ended 31 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	543,974	543,974
Dividends		-	-	(1,075,000)	(1,075,000)
<b>Balance at 31 December 2016</b>		400,000	43,012	4,181,424	4,624,436
<b>Year ended 31 December 2017:</b>					
Profit and total comprehensive income for the year		-	-	426,546	426,546
Dividends		-	-	(100,000)	(100,000)
<b>Balance at 31 December 2017</b>		400,000	43,012	4,507,970	4,950,982

**Gas Strategies Group Limited**

**Statement of cash flows**

**For the year ended 31 December 2017**

	Notes	£	2017 £	£	2016 £
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	16		(30,719)		1,980,615
Income taxes paid			(152,755)		(26,269)
<b>Net cash (outflow)/inflow from operating activities</b>			<b>(183,474)</b>		<b>1,954,346</b>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(2,730)		(8,776)	
Proceeds on disposal of tangible fixed assets		50		7,250	
Interest received		93,114		89,914	
<b>Net cash generated from investing activities</b>			<b>90,434</b>		<b>88,388</b>
<b>Financing activities</b>					
Dividends paid		(100,000)		(1,075,000)	
<b>Net cash used in financing activities</b>			<b>(100,000)</b>		<b>(1,075,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(193,040)</b>		<b>967,734</b>
Cash and cash equivalents at beginning of year			2,274,335		1,306,601
<b>Cash and cash equivalents at end of year</b>			<b>2,081,295</b>		<b>2,274,335</b>

## 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 amounts 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.

### 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.

### 1.3 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 if the fair value can be measured reliably.

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
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Notes to the financial statements (continued)  
For the year ended 31 December 2017

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**1 Accounting policies (continued)**

**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.

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 at bank and in hand 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 Accounting policies (continued)**

**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.

***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.

Notes to the financial statements (continued)  
For the year ended 31 December 2017

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**1 Accounting policies (continued)**

***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 direct issue 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.

Notes to the financial statements (continued)  
For the year ended 31 December 2017

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**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 income 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 lease 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**

	2017	2016
	£	£
<b>Other significant revenue</b>		
Interest income	93,114	89,914
	<u>          </u>	<u>          </u>

**Gas Strategies Group Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**2 Turnover and other revenue (continued)**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Turnover analysed by geographical market</b>		
UK	132,750	602,055
Overseas (excluding US)	3,842,174	3,353,592
US and Canada	438,913	713,630
	<u>4,413,837</u>	<u>4,669,277</u>

**3 Auditor's remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Fees payable to the company's auditor and associates:</b>		
<b>For audit services</b>		
Audit of the financial statements of the company	<u>15,750</u>	<u>15,750</u>

**4 Employees**

The average monthly number of persons (including directors) employed by the company during the year was 25 (2016 - 25).

**Gas Strategies Group Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**5 Tangible fixed assets**

	<b>Plant and machinery etc</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2017	936,490
Additions	2,730
Disposals	(972)
	<hr/>
At 31 December 2017	938,248
	<hr/>
<b>Depreciation and impairment</b>	
At 1 January 2017	667,224
Depreciation charged in the year	72,732
Eliminated in respect of disposals	(810)
	<hr/>
At 31 December 2017	739,146
	<hr/>
<b>Carrying amount</b>	
At 31 December 2017	199,102
	<hr/>
At 31 December 2016	269,266
	<hr/>

**6 Intangible fixed assets**

	<b>Software</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	39,934
	<hr/>
<b>Amortisation and impairment</b>	
At 1 January 2017	20,505
Amortisation charged for the year	13,238
	<hr/>
At 31 December 2017	33,743
	<hr/>
<b>Carrying amount</b>	
At 31 December 2017	6,191
	<hr/>
At 31 December 2016	19,429
	<hr/>

**Gas Strategies Group Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**7 Fixed asset investments**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Investments	200	200
	<u>200</u>	<u>200</u>

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 15.

**Movements in fixed asset investments**

	<b>Shares in group undertakings £</b>
<b>Cost or valuation</b>	
At 1 January 2017 & 31 December 2017	200
<b>Carrying amount</b>	
At 31 December 2017	200
At 31 December 2016	200

**8 Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	491,047	469,686
Amounts owed by group undertakings	2,350,232	2,283,132
Other debtors	647,461	244,546
	<u>3,488,740</u>	<u>2,997,364</u>

Trade debtors disclosed above are measured at amortised cost.

**Gas Strategies Group Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2017**

**9 Creditors: amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	106,324	95,159
Amounts due to group undertakings	200	200
Corporation tax	53,919	129,774
Other taxation and social security	65,512	55,281
Other creditors	598,591	655,744
	<u>824,546</u>	<u>936,158</u>

**10 Called up share capital**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Issued and fully paid</b>		
400,000 Ordinary shares of £1 each	400,000	400,000
	<u>400,000</u>	<u>400,000</u>

**11 Profit and loss reserves**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
At the beginning of the year	4,181,424	4,712,450
Profit for the year	426,546	543,974
Dividends declared and paid in the year	(100,000)	(1,075,000)
	<u>4,507,970</u>	<u>4,181,424</u>

**12 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:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
	<u>647,852</u>	<u>1,011,187</u>

## Gas Strategies Group Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2017

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#### 13 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 £15,703 (2016: £25,884). David Mauro, a director of the company, is a director of DVM Consulting Ltd. At the year end, Gas Strategies Group Limited owed DVM Consulting Inc £nil (2016: £330)

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.

#### 14 Parent company

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

#### 15 Subsidiaries

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

Details of the company's subsidiaries at 31 December 2017 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

**Gas Strategies Group Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2017**

**16 Cash generated from operations**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit for the year after tax	426,546	543,974
<b>Adjustments for:</b>		
Taxation charged	76,900	139,423
Investment income	(93,114)	(89,914)
Loss on disposal of tangible fixed assets	112	-4,569
Amortisation and impairment of intangible assets	13,238	13,311
Depreciation and impairment of tangible fixed assets	72,732	78,072
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(491,376)	1,365,176
(Decrease) in creditors	(35,757)	(73,996)
<b>Cash (absorbed by)/generated from operations</b>	<b>(30,719)</b>	<b>1,980,615</b>