Company Registration No. 2225820 (England and Wales)

Gas Strategies Group Limited

Annual report and financial statements for the year ended 31 December 2015

Gas Strategies Group Limited

Company information

Directors	David Mauro Clare Spottiswoode Patrick Breen
Secretary	Patrick Breen
Company number	2225820
Registered office	10 St Bride Street London EC4A 4AD
Independent auditors	Saffery Champness 71 Queen Victoria Street London EC4V 4BE

Gas Strategies Group Limited

Contents

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Development and performance of the business

Highlights

The global gas and LNG industry in 2015 experienced a further year of declining prices and fall-off in demand growth against expectations, at the same time that significant production capacity increases started to enter the market from development commitments made three or more years earlier.

With an Asian market likely to be oversupplied for some years to come, particularly following the commissioning of new Australian liquefaction projects, there are significant commitments to purchase LNG which have not yet been placed in the Pacific Basin. The high value arbitrage opportunities for diversions from the Atlantic Basin have largely disappeared, in both value and volume terms.

The knock-on effect for the US Gulf liquefaction projects under construction is expected to hit many of the capacity takers hard. With expected Asian market opportunities for arbitrage closed off, at least for some time, the agenda for capacity holders is now to seek the development of new markets and opportunities for new volumes in existing markets. On a positive note the industry has entered a new Age of the Customer. At worst, the reality is being faced of taking stop-loss positions through volume sales into European hub-based markets where price expectations have consequently been driven downwards.

The global gas and LNG industry has come to terms with the prospect of this imbalance of supply over demand continuing into the early years of the next decade, barring unforeseen geopolitical, technological or natural events. This is an outlook of "lower for longer" in relation to prices, volumes and therefore revenues. Industry stalwarts nonetheless recognise that managing effectively through this phase also requires an eye to the future. Once rebalance has been reached, there will be the need, opportunity and value for the next wave of industry development. Positioning for that future also needs to take place over the coming years.

Gas Strategies Group has been impacted by such industry challenges, just as much as our clients have been. During the year, Gas Strategies Group's global revenues fell back by some 27% and the impact of the industry environment was felt across all service lines of the business.

While 2015 for Gas Strategies initially appeared to be relatively benign to these market challenges, this proved to be short lived. New business acquisition fell-off significantly through quarter 2 and quarter 3 as the global gas and LNG industry recognised that market difficulties were to be deeper and more enduring. During this time greater focus and effort on doing business as before proved ultimately to be unproductive.

At the beginning of quarter 2 an initiative was commenced to consider the business prospects and opportunities for Gas Strategies in such a marketplace of deeper and more enduring dislocation. From this a business plan for an 18 month period to quarter 1 of 2017 was developed. This addressed key opportunities for change and development across the business in both market / client facing terms and in internal effectiveness. Whilst there are recognised to be opportunities to improve our effectiveness in the implementation of that plan, the uplift in market effectiveness and overall business performance experienced in the first 6 months of that plan period has exceeded expectations. That business plan remains our focus for the strengthening of the business and the growth of our people throughout 2016.

Business environment

2015 represented a highly challenging year for the global oil and gas industry, following on from the steep declines in oil prices which commenced in mid-2014. Oil prices continued their fall through the year, with the Brent price marker in December reaching its lowest level of $36 in 11 years, as commodity markets responded to signs that the global glut of oil would deepen in 2016.

This continuing oil price fall fed into oil-indexed LNG sales, particularly in Asia, significantly denting revenues under long term supply contracts. This coincided with high cost liquefaction projects coming on line, particularly those in Australia, whose financial viability has become dependent on US$80+ oil. This also impacted Atlantic Basin players who found that previously lucrative cargo diversions to Asia not alone did not continue delivering the customary margins, but have also been more challenging to place as a consequence of the additional volumes from the new Asia-Pacific project startups.

The expected role of the new breed of infrastructure-only liquefaction projects in the US Gulf was also impacted by this reversal in the strength of LNG pricing in Asia. Even before a single molecule of US LNG was shipped, the significant differential between Henry Hub and JKT market prices collapsed, negating the expected arbitrage that formed the basis for much of the US Gulf liquefaction capacity contracts entered into by global players.

As the end of 2015 approached, the continuing step-up in LNG volumes from new Australian liquefaction trains entering commercial production has coincided with a fall-off in economic and energy demand growth rates in Asia and China in particular. Contractually committed offtakers have recognised the extent to which their volumes cannot be placed in the initial contract years and volume flexibilities are being exercised in many cases to the maximum extent possible, if not being further negotiated.

Entering 2016, the global LNG industry faces the prospect of significant supply overcapacity, lasting potentially until a rebalancing of supply and demand in 2022 or 2023. A number of prospective large scale liquefaction projects, from Canada to Mozambique, continue to seek long term contract commitments that will allow FID to be taken, in a world where there are recognised to be ample opportunities for any demand to be satisfied by lower risk shorter term deals. These projects will also compete with second generation supply contracts being brought to market by projects which are approaching the end of their initial SPA lives and are now fully amortised and without project financing obligations.

In the meanwhile, the market opportunity to absorb the impending growth in online liquefaction capacity commitments in US Gulf projects appears focused on supplying into the European markets, structurally driving down market pricing on European gas hubs and providing what is likely to be only a nominal contribution to the committed fixed liquefaction (and potentially shipping) costs of the capacity holders. The European market awaits the response of Russian supply sources to this challenge in its historically core export market.

Business performance during 2015

Unsurprisingly, Gas Strategies Group has been directly impacted by the challenges faced by its clients during 2015. The year saw Gas Strategies Group's overall revenues fall back by some 27% to £5.9m. Consulting revenues while initially sustained at acceptable levels during the first quarter, fell significantly through the middle quarters before recovering somewhat in quarter four. Information Services again fell back by 13.4% while Training was most significantly driven to a 55% fall back as recruitment and training expenditure in the industry was largely frozen.

Consulting performance through 2015 can be considered as a combination of (a) quarterly progression of the decline in confidence and commitment to investment by the industry, from an initial run-on of projects commissioned during 2014; (b) a number of major projects which sustained through the year; and (c) the positive impact towards the end of 2015 from a recalibration of the business to the significantly changed needs of the marketplace.

Whilst Consulting revenues in quarter 1 appeared to be sustained despite the external environment, this proved short lived as the industry started to recognise that the various correcting factors were likely to be of longer impact. This was particularly evident through the second quarter and into summer as the industry universally took a sharp knife to headcount, capex and opex.

Nonetheless a number of significant relationships and projects sustained through 2015. In the LNG sector this included Gas Strategies' sustained recognised leadership as lenders' commercial and market advisers to the project finance sector including projects in Russia and North America, our work in commercial readiness support to US Gulf LNG projects as they approach delivery of first LNG, and our presence as a leading adviser to governments in the promotion and development of new demand-side projects. Throughout 2015 we also maintained our support in commercial expert witness services to a number of clients in contract dispute arbitral processes.

The third dimension to performance in 2015 has been the consequence of a business planning process conducted through quarter 2 and quarter 3. This gave rise to a focus on realigning our business in both external and internal aspects. The initial impact through quarter 4 has provided significant confirmation that the direction of these business plan initiatives has the potential to be well aligned with client needs in the present challenging market circumstances.

Our public training business revenues under the Alphatania brand again fell back significantly during 2015. Despite significant sales focus in the promotion of courses in a variety of global locations, consistent with our overall Consulting target areas, training events generally did not achieve sufficient delegate registrations to make a significant contribution to profitability. This service line has been particularly hard-hit by the headcount reductions made across the oil and gas industry during 2015 and the impact of opex budget cuts as oil and gas prices fell to progressively lower levels within the year. A refocusing on in-house training opportunities in quarter 4 of the year delivered more robust profitability on lower revenues, although still below budget expectations set at the beginning of the year. Despite reduced business levels and smaller delegate numbers, our training service continued to receive high client ratings for consistent quality of delivery.

The marketplace also remained challenging for Information Services during 2015, with our subscriber base and pricing continuing to experience pressure as clients continued to seek headcount and cost reductions. This is in common with the general trend experienced in this sector.

We have been pleased to see continued strength in annual subscription renewal rates through 2015, although new business gains have been more limited. In significant part this has been due to the extent to which sales team effort up to the end of quarter 3 was very much focused on seeking to outpace, without success, the downward pressures on public training revenues. A refocus of the sales team on Information Services business in quarter 4 started to deliver measurable improvement by year-end, although it is recognised that performance will remain challenged by the external market environment. Our editorial team has continued to improve 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 early in 2015.

Despite challenging market conditions in 2015, Gas Strategies Group exceeded the expectations of a cautious business plan for the year. Since the beginning of quarter 4 we have embarked on delivering a more ambitious plan to strengthen and develop the business over the following 18 months within a continuing weak industry environment. Even as we recognise that the implementation of that plan can be improved upon, the revenue and profitability performance of the business has exceeded expectations over the first 6 months of that plan period.

We recognise the great contribution which our staff and associates make to the success of Gas Strategies Group. 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.

The global gas industry in early 2016 is continuing to come to terms with the "lower for longer" prospects for prices, volumes and therefore revenues. The industry stalwarts recognise that while their businesses must be managed through a period of over supply that is likely to sustain into the next decade, once that rebalance is achieved there will be the need, opportunity and value for the next wave of industry development. Gas Strategies Group is already supporting our clients in that combined effort to develop new markets and business opportunities, to restructure projects and contracts to sustain through the next 5 years, and to look towards when and how the next wave of project investments should be brought forward through feasibility and FID. Through this work Gas Strategies maintains and develops our position as the leading independent commercial and market advisor to the global gas and LNG industry.

Key performance indicators

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

Sales Growth - (-27.2%; 2014 -1.3%) representing contraction in public training and information Services, offset by growth in Consulting.

Gross Margin - (50.0%; 2014 56.8%) delivering sustained strength in gross margins, particularly through larger scale consulting assignments and continuing focus in cost control, offset by the impact of reduced revenues in public training and Information Services.

Operating Profit - (10.7%; 2014 27.5%) reflecting the impact of lower sales revenue and gross profit performance against a relatively inflexible 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.

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.

On behalf of the board

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Patrick Breen
Director
25 April 2016

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

During 2015 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

Results and dividends

The results for the year are set out on page 10.

Interim ordinary dividends were paid, amounting £200,000. The directors do not recommend payment of a final dividend.

Auditors

Saffery Champness 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. 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 auditors

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 auditors are 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 auditors are 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 2016, the directors have made prudent assessments of potential impact on company cash flows during 2016. The directors believe that existing resources will support the cash flow and liquidity requirements of the business in the event of a contraction in trading during 2016.

Employees

Details of the number of employees are given in Note 5 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.

On behalf of the board

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Patrick Breen

Director

25 April 2016

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

We have audited the financial statements of Gas Strategies Group Limited for the year ended 31 December 2015 set out on pages 10 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Saffery Champness

27 April 2016

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

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Gas Strategies Group Limited

Profit and loss account
For the year ended 31 December 2015

	Notes	2015 £	2014 £
Turnover	3	5,903,445	8,108,646
Cost of sales		(2,953,187)	(3,500,780)
Gross profit		2,950,258	4,607,866
Administrative expenses		(2,316,758)	(2,357,547)
Operating profit	4	633,500	2,250,319
Interest receivable and similar income	6	93,287	71,476
Profit before taxation		726,787	2,321,795
Taxation	7	(148,385)	(405,197)
Profit for the financial year	18	578,402	1,916,598
Total comprehensive income for the year		578,402	1,916,598

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Gas Strategies Group Limited

Balance sheet
As at 31 December 2015

	Notes	£	2015 £	£	2014 £
Fixed assets					
Intangible assets	9		32,740		-
Tangible assets	10		350,381		439,716
Investments	11		200		200
			383,321		439,916
Current assets					
Debtors	13	4,362,540		3,822,700	
Cash at bank and in hand		1,306,601		1,891,006	
		5,669,141		5,713,706	
Creditors: amounts falling due within one year	14	(897,000)		(1,376,562)	
Net current assets			4,772,141		4,337,144
Total assets less current liabilities			5,155,462		4,777,060
Capital and reserves					
Called up share capital	16		400,000		400,000
Share premium account	17		43,012		43,012
Profit and loss reserves	18		4,712,450		4,334,048
Total equity			5,155,462		4,777,060

The financial statements were approved by the board of directors and authorised for issue on 25 April 2016 and are signed on its behalf by:

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Patrick Breen
Director

Company Registration No. 2225820

Gas Strategies Group Limited

Statement of changes in equity
For the year ended 31 December 2015

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 January 2014		400,000	43,012	4,487,450	4,930,462
Year ended 31 December 2014:					
Profit and total comprehensive income for the year		-	-	1,916,598	1,916,598
Dividends	8	-	-	(2,070,000)	(2,070,000)
Balance at 31 December 2014		400,000	43,012	4,334,048	4,777,060
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	578,402	578,402
Dividends	8	-	-	(200,000)	(200,000)
Balance at 31 December 2015		400,000	43,012	4,712,450	5,155,462

Statement of cash flows
For the year ended 31 December 2015

	Notes	£	2015 £	£	2014 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(108,772)		1,818,640
Income taxes paid			(311,702)		(477,068)
Net cash (outflow)/inflow from operating activities			(420,474)		1,341,572
Investing activities					
Purchase of intangible assets		(39,934)		-	
Purchase of tangible fixed assets		(17,284)		(44,421)	
Interest received		93,287		71,476	
Net cash generated from investing activities			36,069		27,055
Financing activities					
Dividends paid		(200,000)		(2,070,000)	
Net cash used in financing activities			(200,000)		(2,070,000)
Net decrease in cash and cash equivalents			(584,405)		(701,373)
Cash and cash equivalents at beginning of year			1,891,006		2,592,379
Cash and cash equivalents at end of year			1,306,601		1,891,006

1 Accounting policies

Company information

Gas Strategies Group Limited is a limited company 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").

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.

These financial statements for the year ended 31 December 2015 are the first financial statements of Gas Strategies Group Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 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)

1.4 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

1.5 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 recognised in the profit and loss account.

1.6 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.

1.7 Impairment of fixed assets

At each reporting 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents 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.

1.9 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 trade and other receivables, 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.

1 Accounting policies (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

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.

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables 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 they are included in a hedging arrangement.

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 obligations are discharged, cancelled, or they expire.

1.10 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.

1.11 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 profit and loss account 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.

1.12 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.

1.13 Retirement benefits

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

1.14 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.

1.15 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 profit and loss account for the period.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2015	2014
	£	£
Turnover		
	5,903,445	8,108,646

Other significant revenue		
Interest income	93,287	71,476

Turnover analysed by geographical market

	2015	2014
	£	£
UK	1,172,525	1,948,526
Overseas (excluding US)	4,151,105	4,956,497
US and Canada	579,815	1,203,623
	5,903,445	8,108,646

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2015 £	2014 £
Exchange losses/(gains)	27,941	71,630
Fees payable to the company's auditors for the audit of the company's financial statements	15,750	15,500
Depreciation of owned tangible fixed assets	106,619	150,212
Amortisation of intangible assets	7,194	-
Operating lease charges	247,341	165,979

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2015 Number	2014 Number
Administration	9	11
Client services/production	22	24
	31	35

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	1,883,245	2,160,226
Social security costs	272,506	297,695
Pension costs	86,957	88,096
	2,242,708	2,546,017

6 Interest receivable and similar income

	2015	2014
	£	£
Interest income		
Interest on bank deposits	2,287	1,476
Other interest income	91,000	70,000
Total income	93,287	71,476

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	2,287	1,476

7 Taxation

	2015	2014
	£	£
Current tax		
UK corporation tax on profits for the current period	148,385	494,560
Adjustments in respect of prior periods	-	(89,363)
Total current tax	148,385	405,197
Total tax charge	148,385	405,197

7 Taxation (continued)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015	2014
	£	£
Profit before taxation	726,787	2,321,795
Expected tax charge based on a corporation tax rate of 20.25% (2014 - 21.50%)	147,149	499,186
Tax effect of expenses that are not deductible in determining taxable profit	16,564	3,388
Adjustments in respect of prior years	-	(89,363)
Double tax relief	3,452	-
Group relief	(18,511)	(14,837)
Permanent capital allowances in excess of depreciation	(248)	6,981
Tax at marginal rate	(21)	-
Other adjustments	-	(158)
Tax expense for the year	148,385	405,197

8 Dividends

	2015	2014
	£	£
Interim paid	200,000	2,070,000
	200,000	2,070,000

9 Intangible fixed assets

	Software
	£
Cost	
At 1 January 2015	-
Additions - separately acquired	39,934
At 31 December 2015	39,934
Amortisation and impairment	
At 1 January 2015	-
Amortisation charged for the year	7,194
At 31 December 2015	7,194
Carrying amount	
At 31 December 2015	32,740
At 31 December 2014	-

10 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2015	555,304	387,985	943,289
Additions	-	17,284	17,284
At 31 December 2015	555,304	405,269	960,573
Depreciation and impairment			
At 1 January 2015	201,040	302,533	503,573
Depreciation charged in the year	59,450	47,169	106,619
At 31 December 2015	260,490	349,702	610,192
Carrying amount			
At 31 December 2015	294,814	55,567	350,381
At 31 December 2014	354,264	85,452	439,716

11 Fixed asset investments

	Notes	2015 £	2014 £
Investments in subsidiaries	22	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.

Movements in fixed asset investments

	Shares £
Cost or valuation	
At 1 January 2014 & 31 December 2014	200
Carrying amount	
At 31 December 2015	200
At 31 December 2014	200

12 Financial instruments

	2015 £	2014 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,049,492	3,585,535
Equity instruments measured at cost less impairment	200	200
	4,049,692	3,585,735
Carrying amount of financial liabilities		
Measured at amortised cost	807,699	1,127,891

13 Debtors

	2015	2014
Amounts falling due within one year:	**£**	**£**
Trade debtors	827,157	953,150
Amount due from parent undertaking	3,219,682	2,229,182
Other debtors	9,377	512,664
Prepayments and accrued income	306,324	127,704
	4,362,540	3,822,700

Trade debtors disclosed above are measured at amortised cost.

14 Creditors: amounts falling due within one year

	2015	2014
	£	**£**
Trade creditors	281,743	394,899
Amounts due to subsidiary undertakings	200	200
Corporation tax payable	16,620	179,937
Other taxation and social security	72,681	68,734
Accruals and deferred income	525,756	732,792
	897,000	1,376,562

15 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £86,957 (2014 - £88,096).

16 Share capital

	2015	2014
	£	**£**
Issued and fully paid		
400,000 Ordinary shares of £1 each	400,000	400,000

17 Share premium account

	2015	2014
	£	£
At beginning and end of year	43,012	43,012

18 Profit and loss reserves

	2015	2014
	£	£
At beginning of year	4,334,048	4,487,450
Profit for the year	578,402	1,916,598
Dividends	(200,000)	(2,070,000)
At end of year	4,712,450	4,334,048

19 Operating lease commitments

Lessee

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

	2015	2014
	£	£
Within one year	175,097	167,936
Between two and five years	139,095	72,575
In over five years	441,891	4,332
	756,083	244,843

20 Related party transactions

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 the company invoiced £91,784 (2014: £118,309) to P J Breen Limited, Patrick Breen, a director of the company, is the principal shareholder in P J Breen Limited. At the year end P J Breen Limited owed the company £4,353 (2014: £1,934), which was included in trade debtors.

During the year, DVM Consulting Inc invoiced Gas Strategies Group Limited £21,041 (2014: £38,504). 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(2014: £8,361)

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.

21 Controlling party

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

22 Subsidiaries

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

Details of the company's subsidiaries at 31 December 2015 are as follows:

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

23 Directors' remuneration

	2015	2014
	£	£
Remuneration for qualifying services	352,497	629,972
Company pension contributions to defined contribution schemes	15,215	15,428
	367,712	645,400

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2014 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	289,677	577,568
Company pension contributions to defined contribution schemes	15,215	15,428

24 Cash generated from operations

	2015	2014
	£	£
Profit for the year	578,402	1,916,598
Adjustments for:		
Income tax expense	148,385	405,197
Investment income	(93,287)	(71,476)
Amortisation and impairment of intangible assets	7,194	-
Depreciation and impairment of tangible fixed assets	106,619	150,212
Movements in working capital:		
(Increase) in debtors	(539,840)	(85,866)
(Decrease) in creditors	(316,245)	(496,025)
Cash (absorbed by)/generated from operations	(108,772)	1,818,640