



AAPG-Europe
(A company limited by guarantee)



Report and Consolidated Financial Statements
For the Year Ended June 30, 2018

Charity Number (England and Wales): 1126290
Charity Number (Scotland): SC040127
Company Number: 6540163

AAPG-Europe
(A company limited by guarantee)

**Consolidated Financial Statements
For the Year Ended June 30, 2018**

Contents	Page Number
Reference and Administrative Information	2
Report of the Trustees	3 - 9
Audit Report	10- 14
Statement of Financial Activities	15
Balance Sheets	16
Statement of Cash Flows	17
Notes forming part of the financial statements	18 - 28

AAPG-Europe

Report of the Trustees for the Year ended June 30, 2018

The Trustees present their report and audited financial statements for the year ended June 30, 2018.

Reference and Administrative Information

Charity Name: AAPG-Europe

Charity Number (England and Wales): 1126290

Charity Number (Scotland): SC040127

Company Registration Number: 6540163

Registered Office:

21 - 22 New Row
3rd Floor
London
WC2N 4LE

Operational Office:

21 - 22 New Row
3rd Floor
London
WC2N 4LE

Trustees

A Grindrod (Resigned 01/03/2018)

D Lange

D Cook

K Gibbons (Appointed 01/03/2018)

R Hardman (Resigned 01/03/2018)

D Curtiss

J Craig – Chairman (Appointed 01/03/2018)

Secretary

Mr. D. Lange

Senior Management Team

Mr. A. Wegener

Director

Mr. B. Haws

Controller

Auditors – Kingston Smith LLP; Devonshire House, 60 Goswell Road, London EC1M 7AD

Bankers – HSBC Bank; 165 Fleet Street, London EC4A 2DY

Solicitors – Stone King LLP; 16 St. John's Lane, London, EC1M 4BS

AAPG-Europe

Report of the Trustees for the Year ended June 30, 2018

AAPG-Europe

Aims and Objectives

Purposes and Aims:

Our charity's purposes as set out in the objects contained in the company's memorandum of association are, for the public benefit:

- To advance the science of geology and its allied sciences in particular, but without prejudice to the generality of the forgoing, as they relate to petroleum, natural gas, other subsurface fluids and mineral resources, thorough methods including:
 - Promoting the technology of exploring for, finding and producing such materials in an economically and environmentally sound manner; and
 - Disseminating information related to the geology and associated technology of petroleum, natural gas, other subsurface fluids and mineral resources.

The aims of our charity are to foster scientific exchange which advances the earth sciences, in particular, those related to petroleum, natural gas, and other energy minerals. This is the purpose that our charity was established to further.

The Focus of our Work

Our main objectives for the year were focused on the delivery of science, particularly the geosciences through our many programs. Specifically, we have undertaken the following:

- Implementing a system of dissemination of scientific and geological information, through educational activities
- Conducting additional short courses in Europe
- Developing a schedule of Geoscience Technology Workshops (GTW)
- Executing a regional conference

How Our Activities Deliver Public Benefit

The trustees have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance as published by the Charity Commission including its guidance 'Public benefit: running a charity (PB2)'. Our main activities and who we are trying to benefit are described below. Our charitable activities focus on the science of geology, the dissemination of that science, and on the many aspects of the upstream oil and gas industry. Our work has primarily focused on advancing scientific knowledge through our program of educational events. All charitable activities focus on sharing scientific knowledge which helps

AAPG-Europe

Report of the Trustees for the Year ended June 30, 2018

the exploration and production industry remain sustainable, and the events focus on the exchange of technology concerning the exploration of petroleum resources for the public benefit. In addition to helping reinforce the training of the geoscientist, this emphasis on sustainability and environmental awareness and responsiveness ultimately serves society in general.

Our courses, presentations and learning opportunities are open to the general public. The primary beneficiaries include geoscientists working and living in the United Kingdom and in the rest of Europe. These programs help develop and expand the knowledge and information on the technical challenges of finding and producing oil and gas resources.

Programs

We offer a number of educational events each year. Our line-up of events includes Geoscience Technology Workshops, or GTW's and a larger regional conference. The GTWs are scientific learning opportunities that are different from short courses as they appeal to a much wider audience and are typically on issues or topics related to regional activities, or emerging technologies. This year we had GTW's in Spain, Portugal and The Netherlands and conducted our larger regional conference in Lisbon, covering specific scientific and geological topics. Hosting events throughout Europe helps widen the participation as we have drawn attendance from over a dozen countries, including Norway, France, the Czech Republic, Hungary, Portugal, Spain and The Netherlands in recent years.

Financial Review

AAPG-Europe has been operating in the United Kingdom for ten years. The last few years have been especially difficult from a financial standpoint, as we receive most of our financial support from the energy industry (as a whole) in the way of sponsorship and support of our events. The energy industry has suffered from financial hardship the last several years, which has had a pronounced, corresponding effect on our financial activities, with fiscal year 2017 begin especially challenging as it eliminated our reserves.

Although we had increased our educational offerings over the past few years, most of those increased outreach opportunities were not self-funding, as industry support fell off just as we had increased our program offerings. The trustees are aware of the dramatically declining revenues and have endeavored to manage the charity in as fiscally responsible of a manner as possible in this challenging operating environment. The result of their focus has been significantly cutting operating costs, and a reduction of the number of events during the year to minimize running events at a loss, which was the likely outcome of most of our planned events without the ever-important sponsorship and support from the energy industry.

In light of the financial strain that expanding our program services has had on our financial operations, our senior leadership team has proposed to the trustees and is beginning to implement some significantly different events and activities which will continue to fulfil the objects of the charity and bring back the interest

AAPG-Europe

Report of the Trustees for the Year ended June 30, 2018

and support of the energy industry. This will not be a short-term fix, but rather an investment in the development of new activities which we expect will be beneficial in the long term.

Most of AAPG-Europe's support and funding used during our time in operation is from the gift aid from the subsidiary trading company. This gift aid provides the critical resources to support our charitable mission. Much like the charity, however, the trading subsidiary has also suffered greatly with decreased revenue the past couple of years, which has had a negative impact on the amount of gift aid available to the charity.

Principal Funding Sources

AAPG-Europe conducted a few educational, scientific events during the year. Aside from the fees generated in pursuit of these educational activities, the charity has fallen short financially without the prospect of gift aid from the trading subsidiary. Our principal funding source for the current year was the forgiveness of a significant amount of legacy debt, as well as the continued financing of new debt by the American Association of Petroleum Geologists. The American Association of Petroleum Geologists is a 100+-year-old international professional association located in the United States which has significant resources to help carry out its mission of advancing the profession and science of geology. This mission of AAPG is closely aligned with the objects of the Charity.

AAPG has provided a commitment to support the operation of the Charity group by providing working capital as needed and has agreed to not seek repayment of the outstanding balance due to it by AAPG-Europe and its trading subsidiary in the next year. Furthermore, as mentioned above, the Executive Committee of AAPG voted to forgive the legacy debt of both the Charity and the Trading subsidiary in fiscal year June 30, 2018. This provides AAPG-Europe with the debt relief and support needed to ensure that we can continue to operate as a going concern for the foreseeable future.

Investment Policy

The Trustees of AAPG-Europe are aware of the benefits that a solid financial plan can allow us to continue our mission of disseminating scientific knowledge. This objective has been complicated by the decreased availability of funding from the energy industry and a squeeze on our operating margins. The Management Committee has invested the small amount of current available resources in a business money manager account with a respected financial institution. In light of the current economic environment, our return on our investment appears reasonable.

Fund Balances

The group results are a gain for the period of £287,113 (2017: £134,545 loss). Closing unrestricted reserves of the group are £162,137 (2017: overdrawn £124,976). £306,129 of this gain is attributable to loan forgiveness from AAPG to eliminate the deficit that had accumulated in the prior year. At the end of the year, the liability to AAPG had decreased to £128,307 (2017: £303,725). AAPG-Europe has developed a significant loan payable to the American Association of Petroleum Geologists through the start-up and initial operations of the charity, which expanded during the current downturn in the energy sector. The Trustees

AAPG-Europe

Report of the Trustees for the Year ended June 30, 2018

have directed that the staff develop and present a plan to reduce and eliminate any deficit and dependence on the sole member of the charity. During this current fiscal year, the liability to the American Association of Petroleum Geologists decreased significantly as the AAPG Executive Committee voted unanimously to forgive £306,129 of the accumulated debt to AAPG for the Charity and Trading Company.

During the year, additional funds were needed to fund our operations which resulted in new debt to AAPG. The terms of this loan are such that there is no defined repayment date, hence in accordance with FRS 102 this is classified as a current liability, however the AAPG has confirmed its willingness to continue to provide the financial support to AAPG-Europe until it has generated sufficient working capital to repay the loan and sustain their day to day operations. For this reason, the trustees are satisfied that there will be no call on repayment that would limit the charity's ability to meet its other liabilities and obligations as they fall due for at least 12 months from the date of signing the accounts.

Reserves Policy

The Management Committee has examined the charity's requirements for reserves in light of the main risks to the organization. The charity has expressed its goal to increase reserves as it continues developing and reducing its indebtedness. The past few years financial results eliminated any progress that had been made in that regard. The closing reserves of the charity at 30 June 2018 are positive once again, after the forgiveness of debt by AAPG. In light of the current economic challenges for the energy sector, the trustees have not determined a timescale for achieving the desired level of reserves of 6 months of operating expenses, but are mindful of the need to achieve modest surpluses year on year in the shorter term, with an immediate focus of returning the unrestricted reserves to a positive balance by the end of fiscal year 2019 through aggressive cost cutting, introduction of new revenue streams and stabilizing of our support base.

Risk

The Management Committee is aware that risk is inherent in most undertakings and believe that most of our risk is minimal or manageable. The trustees have developed a risk register which will be reviewed on a periodic basis and amended as deemed necessary by the trustees. The current largest, and most pressing risk facing the charity continues to be the concentration of potential support for the charity's activities within a single industry. The rapidly falling energy prices, followed by a prolonged and sustained depression of not only energy prices, but the available support from the previously supportive energy industry have had a profound and illuminating impact. At this point, there have been no plans to deviate from this industry, as they are aligned with the objects of the charity. However, current plans are being implemented which will expand our exposure into other disciplines within the geosciences in addition to our core geology. Specifically we are targeting expansion of our topics to include cross-functional disciplines of the geosciences in our training.

On the liability side of risk, we rent space for our offices and we endeavor to organize our events in reputable, reasonable facilities. We have employment policies in place for the staff that we hire. Despite sound policies and best efforts on logistics, loss can still occur. To that end, we have obtained insurance cover for the office space that we rent, as well as the activities that we undertake. We believe that the

AAPG-Europe

Report of the Trustees for the Year ended June 30, 2018

amounts of coverage, though not limitless, are reasonable and will help minimize the risk of financial loss in the event of a successful claim. During the year, our trustees were covered by indemnity insurance.

We address our indebtedness to AAPG at least annually to ensure that the Trustees are aware of the status of our financial arrangement at all times.

Plans for Future Periods

The charity plans to continue the activities outlined above in the forthcoming years subject to satisfactory funding arrangements. The trustees plan to focus on 8 core activities proposed by the senior leadership team. Those activities are the Geoscience Technology Workshops (GTW, of which we have three planned for fiscal year 2019), the regional conference in Vienna, Austria and the newly designed Energy Transition Forum to be held in Amsterdam in September 2018. We also plan to launch a new conference, the General Interest Conference in Aberdeen, Scotland in June 2019 which will have a direct scientific focus for an expanded audience.

Structure, Governance and Management

Governing Document

The organization is a charitable company, limited by guarantee, incorporated on March 19, 2008, and registered as a charity on October 14, 2008 with the Charity Commission in England & Wales. The charity was registered with OSCR, the Office of the Scottish Charity Register on December 11, 2008. The company was established under a Memorandum of Association which established the objects and purposes of the charitable company and is governed under its Articles of Association. In the event of the company being dissolved, members are required to contribute an amount not exceeding £1.

Trustee Selection

The organizations governing documents require that two trustees are appointed by the American Association of Petroleum Geologists. Three co-opted trustees are appointed by the board of Trustees.

Induction and Training

Most trustees are already familiar with the practical work of the charity due to the small group and intensive focus on programs to establish. Additionally, the trustees are provided with access to update sessions on current governance practices through the Charity Commission website updates, as well as through bulletins and seminars provided by the charity's external professional advisors.

AAPG-Europe

Report of the Trustees for the Year ended June 30, 2018

Auditors

Kingston Smith LLP have indicated their willingness to continue in office and are deemed reappointed in accordance with section 487(2) of the Companies Act 2006.

This report has been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland: The FRS 102 Charities SORP (issued in July 2014) and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Statement of Trustees' Responsibilities

The trustees (who are also directors of AAPG-Europe for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, The Charities and Trustees Investment (Scotland) Act 2005 (as amended) and The Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AAPG-Europe

Report of the Trustees for the Year ended June 30, 2018

Small company rules

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Trustees on 07 March 2019 and signed on its behalf by:



Mr. D. E. Lange (Trustee, Secretary)

AAPG-Europe

Independent auditor's report to the members and trustees of AAPG-Europe for the year ended June 30, 2018

Opinion

We have audited the financial statements of AAPG-Europe for the year ended 30 June 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and parent company Balance Sheets, the group Consolidated Statement of Cash Flows and the related 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 Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2018 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 (as amended), regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

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 financial statements section of our report. We are independent of the charitable 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charitable 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.

AAPG-Europe

Consolidated Balance Sheet

As at June 30, 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report has 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us
- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

AAPG-Europe Consolidated Balance Sheet As at June 30, 2018

- the trustees 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 Trustees' Annual Report and from preparing a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group and parent charitable 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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, the Companies Act 2006 and Section 151¹ of the Charities Act 2011 and report to you in accordance with regulations made under those Acts.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AAPG-Europe

Consolidated Balance Sheet

As at June 30, 2018

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006; and to the charity's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and in respect of the consolidated financial statements, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body for our audit work, for this report, or for the opinion we have formed.

**AAPG-Europe
Consolidated Balance Sheet
As at June 30, 2018**

Kingston Smith LLP

Andrew Stickland, Senior Statutory Auditor
For and on behalf of Kingston Smith LLP
Statutory Auditor

29 March 2019

Kingston Smith LLP is eligible to act as
auditor in terms of Section 1212 of the
Companies Act 2006.

Devonshire House
60 Goswell Road
London
EC1M 7AD
Date:

AAPG-Europe

Consolidated Statement of Financial Activities for the Year Ended June 30, 2018

	Notes	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
Income from:					
Other trading activities – subsidiary	2	199,975	-	199,975	251,517
Charitable activities:					
Educational activities	3	188,253	-	188,253	86,238
Parent charity loan write back		306,129	-	306,129	-
Investment income		45	-	45	8
Total Income:		<u>694,402</u>	<u>-</u>	<u>694,402</u>	<u>337,763</u>
Expenditure on:					
Other trading activities – subsidiary	2	251,551	-	251,551	256,688
Charitable activities – cost of educational provision	4	144,504	-	144,504	215,620
Other expenditure	7	11,234	-	11,234	-
Total Expenditure:		<u>407,289</u>	<u>-</u>	<u>407,289</u>	<u>472,308</u>
Net income/(expenditure):		287,113	-	287,113	(134,545)
Reconciliation of Funds:					
Total Funds Brought Forward:		(124,976)	-	(124,976)	9,569
Total Funds Carried Forward:		<u>162,137</u>	<u>-</u>	<u>162,137</u>	<u>(124,976)</u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities. The charity's net income for the year, included in the above statement of financial activities was £217,556 (2017 – net expenditure £129,382).

All income and expenditure in 2017 was unrestricted.

AAPG-Europe
Consolidated Balance Sheet
As at June 30, 2018

		Group		Charity	
	Notes	2018 £	2017 £	2018 £	2017 £
Fixed Assets					
Tangible assets	9	4,847	7,767	4,847	7,767
Investments	10	-	-	1	1
Current Assets					
Debtors	11	212,999	105,604	239,596	88,801
Cash at Bank and in Hand		135,638	157,978	28,308	5,998
		<u>348,637</u>	<u>263,582</u>	<u>267,904</u>	<u>94,779</u>
Creditors: Amounts falling due within one year	12	<u>(191,347)</u>	<u>(396,325)</u>	<u>(175,009)</u>	<u>(222,380)</u>
Net current assets/(liabilities)		157,290	(132,743)	92,895	(127,581)
Net assets/(liabilities)		<u>162,137</u>	<u>(124,976)</u>	<u>97,743</u>	<u>(119,813)</u>
The funds of the group/charity:					
Unrestricted income funds	13	<u>162,137</u>	<u>(124,976)</u>	<u>97,743</u>	<u>(119,813)</u>

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

Approved by the Board of Trustees on 07 March 2019

And signed on its behalf by:



Trustee

Mr. D. E. Lange

Company number: 6540163

AAPG-Europe
Consolidated Statement of Cash Flows for the Year Ended
June 30, 2018

	2018 £	2017 £
Cash flows from operating activities		
Net income/(expenditure) for the reporting period	287,113	(134,545)
Depreciation charges	2,920	2,919
Investment income	(45)	(8)
(Increase)/decrease in debtors	(107,395)	24,909
Increase/(decrease) in current liabilities	(204,978)	(40,153)
Net cash used in operating activities	<u>(22,385)</u>	<u>(146,878)</u>
Cash flows from investing activities		
Investment income	45	8
Net cash provided by investing activities	<u>45</u>	<u>8</u>
Change in cash and cash equivalents in the reporting period	(22,340)	(146,870)
Cash and cash equivalents at beginning of reporting period	<u>157,978</u>	<u>304,848</u>
Cash and cash equivalents at the end of reporting period	<u>135,638</u>	<u>157,978</u>

Signed and sealed

AAPG-Europe

Notes Forming Part of the Financial Statements for the Year Ended June 30, 2018

1. Accounting Policies

Charity information

AAPG-Europe is a charitable company limited by guarantee that is domiciled and incorporated in England and Wales. The registered office is 21-22 New Row, 3rd Floor, London, WC2N 4LE.

The principal accounting policies are summarized below. The accounting policies have been consistently applied throughout the year.

a) Basis of Accounting

The charity's individual and consolidated financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular 'FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

The charity is a public benefit entity for the purposes of FRS 102 and a registered charity. The charity has therefore also prepared its individual and consolidated financial statements in accordance with 'The Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102' (The Charities SORP (FRS 102)).

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the charitable company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the charity alone as permitted by section 408 of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

b) Going Concern

In light of the difficult financial challenges faced in the current and previous fiscal years, the trustees have evaluated whether the use of the going concern basis is appropriate. The trustees have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. In particular, the trustees have considered the charity's forecasts and projections and have taken account the recent financial pressures on events and the development of new activities.

AAPG-Europe

Notes Forming Part of the Financial Statements for the Year Ended June 30, 2018 (continued)

After making enquiries, and based on the actions described in the financial review sections of this report, the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, especially in light of the forgiveness of legacy debt and continuing support from the American Association of Petroleum Geologists. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

c) Critical Accounting Estimates and Areas of Judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognized in the financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which such estimates are 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. Other than as stated above in relation to going concern, the trustees are of the opinion that there are no significant estimates or judgements made in preparing these financial statements.

d) Fund Accounting

Purposes of Unrestricted Funds

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Purposes of Restricted Funds

- At this point, there are no funds provided to AAPG-Europe which are restricted in their specific purpose.

Purposes of Designated Funds

- All available resources are being re-invested into the charity to establish the services required by the objects of the charity. As such, the board has not designated any funds for specific purposes or projects.

e) Incoming Resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income, the receipt is probable and the amount can be quantified reliably. The following specific policies are applied to particular categories of income.

- Investment income is included when receivable.
- Incoming resources from charitable trading activity are accounted for when earned.

AAPG-Europe

Notes Forming Part of the Financial Statements for the Year Ended June 30, 2018 (continued)

f) Resources Expended

Expenditure is recognized on an accruals basis. Expenditure includes any VAT, which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Other trading activities expenditure comprises the costs of trading in the Charity's subsidiary.
- Charitable activities expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs, which are included within support costs, include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis, linked to staff time.

g) Fixed Assets

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £500 are not capitalized. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, which for computer and electronic equipment and software is estimated at 3 years, in all other cases is estimated at 5 years.

Useful economic lives and residual values of assets are reassessed annually.

h) Fixed Asset Investments

The only investment held by the charity is that of its trading subsidiary and is included at cost.

i) Taxation

As a charity, AAPG-Europe is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

AAPG-Europe

Notes Forming Part of the Financial Statements for the Year Ended June 30, 2018 (continued)

j) Operating Lease Rentals

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the Statement of Financial Activities as incurred.

k) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the SOFA.

l) Financial Instruments

- Cash and cash equivalents - Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.
- Debtors and creditors - Debtors and creditors receivable or payable within one year of the reporting date are carried initially at their transaction price and subsequently at settlement value.

m) Employee Benefits

- The costs of short-term employee benefits are regarded as a liability and an expense, unless these costs are required to be recognized on the cost of fixed assets.
- The cost of any unused holiday entitlement is recognised in the period in which the employee's services are reviewed.
- 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.

n) Retirement Benefits

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

AAPG-Europe

Notes Forming Part of the Financial Statements for the Year Ended June 30, 2018 (continued)

2. Trading subsidiary

The charity owns the entire issued share capital of AAPG – Europe Trading Limited, a company registered in England and Wales (Company Registration No. 07019444), registered at: 21-22 New Row, 3rd Floor, London, WC2N 4LE. The subsidiary carries out commercial activities which support the main function of the charity, including the organization of the annual APPEX conference. The subsidiary has undertaken to gift aid substantially all of its taxable profits to the charitable company. The issued share capital of AAPG - Europe Trading Limited is 1 ordinary share of £1. A summary of the results of the subsidiary is shown below:

	2018 Total £	2017 Total £
Turnover	199,975	251,517
Cost of sales	<u>(162,930)</u>	<u>(155,709)</u>
Gross profit	37,045	95,808
Administration costs	(88,621)	(100,979)
Other interest receivable	1	8
Amounts written off financial liabilities	<u>121,132</u>	<u>-</u>
Profit/(loss) on ordinary activities for the year	69,557	(5,163)
Taxation	-	-
Retained profit brought forward	<u>(5,163)</u>	<u>-</u>
Retained deficit carried forward	<u>64,394</u>	<u>(5,163)</u>
The assets, liabilities and funds of the subsidiary were:		
Assets	140,651	204,016
Liabilities	(76,256)	(209,178)
Share capital	<u>(1)</u>	<u>(1)</u>
Capital and reserves	<u>64,394</u>	<u>(5,163)</u>

AAPG-Europe
Notes Forming Part of the Financial Statements for the Year Ended
June 30, 2018 (continued)

3. Income from Activities to Further the Charity's Objectives

	Unrestricted	Restricted	2018	2017
	£	£	Total £	Total £
Regional Conference	117,931	-	117,931	50,186
Educational Activities	70,322	-	70,322	36,052
	<u>188,253</u>	<u>-</u>	<u>188,253</u>	<u>86,238</u>

27% (2017: 29%) of the group's total income was attributable to markets outside the United Kingdom.

4. Charitable activities

	Unrestricted	Restricted	2018	2017
	£	£	Total £	Total £
Charitable activities -				
Short course costs	39,044	-	39,044	8,788
Regional conference costs	35,643	-	35,643	27,594
Imperial Barrel Award Support	-	-	-	23,122
Support costs	69,817	-	69,817	156,116
	<u>144,504</u>	<u>-</u>	<u>144,504</u>	<u>215,620</u>

AAPG-Europe
Notes Forming Part of the Financial Statements for the Year Ended
June 30, 2018 (continued)

5. Support costs

	Unrestricted	Restricted	2018 Total	2017 Total
	£	£	£	£
Salaries and wages	15,236	-	15,236	69,835
Redundancy costs	-	-	-	23,811
Rent, service charge and rates	25,645	-	25,645	19,056
Office supplies	3,908	-	3,908	5,350
Repairs and maintenance	1,948	-	1,948	8,769
Telephone	5,075	-	5,075	6,078
Travel	17	-	17	1,756
Bank charges and foreign exchange loss	556	-	556	1,127
Depreciation	2,920	-	2,920	2,919
Governance costs	6,571	-	6,571	17,415
	<u>61,876</u>	<u>-</u>	<u>61,876</u>	<u>156,116</u>

6. Governance costs

	Unrestricted	Restricted	2018 Total	2017 Total
	£	£	£	£
Legal fees	627	-	627	4,654
Audit fees				
-in respect of current year	6,200	-	6,200	6,200
-in respect of prior years	3,089	-	3,089	1,870
Auditors – other services	4,596	-	4,596	4,691
	<u>14,512</u>	<u>-</u>	<u>14,512</u>	<u>17,415</u>

7. Other expenditure

Other expenditure is corporation tax payable on sponsorship income earned in the year.

AAPG-Europe
Notes Forming Part of the Financial Statements for the Year Ended
June 30, 2018 (continued)

8. Staff Costs and Numbers

	Group	
	2018	2017
	£	£
Salaries	28,599	99,012
Social security costs	2,686	11,348
Pension costs	1,840	690
Redundancy costs and termination payments	-	25,138
	<u>33,125</u>	<u>136,188</u>
Average staff numbers in the year were:	<u>1</u>	<u>2</u>

The number of employees whose emoluments fell within the band £100,000 - £110,000 was 0 (2017 – 1). Employment of this person ceased in 2017. Pension contributions in respect of this employee were £nil (2017: £284). No other employees earned in excess of £60,000 in the current or prior year.

Staff costs have been split between the charity and trading company on the basis of staff time.

The trustees received no remuneration or benefits in kind in the current or prior year.

Remuneration of key management personnel

The remuneration of key management personnel, which comprise the trustees (who received no remuneration) and, in the previous year, the Director of the charity, is as follows:

	2018	2017
	£	£
Aggregate remuneration compensation	-	102,002

The charity has no key management personnel. The charity is managed by the management team of its parent.

AAPG-Europe
Notes Forming Part of the Financial Statements for the Year Ended
June 30, 2018 (continued)

9. Tangible Fixed Assets: Group and Charity

	Fixtures and fittings £
At July 1, 2017	17,104
Additions	-
Disposals	-
At June 30, 2018	<u>17,104</u>
Depreciation	
At July 1, 2017	9,337
Eliminated on disposal	-
Charge for the year	2,920
At June 30, 2018	<u>12,257</u>
Net book value	
At June 30, 2017	<u>7,767</u>
At June 30, 2018	<u>4,847</u>

10. Investments

Investments represent a £1 investment in the subsidiary company (note 2) which was acquired in 2009 and is shown at cost.

11. Debtors

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	129,413	43,661	129,413	-
Amount due from subsidiary	-	-	59,918	35,233
Recoverable VAT	5,490	7,359	5,490	7,359
Other debtors	38,328	38,328	29,953	29,953
Prepayments	39,768	16,256	14,822	16,256
	<u>212,999</u>	<u>105,604</u>	<u>239,596</u>	<u>88,801</u>

Included in the above group and charity debtors are financial assets of £167,741 (2017: £81,989) and £219,285 (2017: £65,186) respectively, valued at amortized cost.

AAPG-Europe
Notes Forming Part of the Financial Statements for the Year Ended
June 30, 2018 (continued)

12. Creditors: Amounts Falling due within one Year

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Taxation and social security	42,708	51,438	33,708	5,302
Accruals	20,332	19,896	14,067	13,220
Due to American Association of Petroleum Geologists	128,307	303,725	127,234	182,594
Other creditors	-	21,266	-	21,264
	<u>191,347</u>	<u>396,325</u>	<u>175,009</u>	<u>222,380</u>

Included in the above group and charity creditors are financial liabilities of £148,639 (2017: £345,041) and £141,301 (2017: £217,233) respectively, valued at amortized cost.

AAPG-Europe has one loan outstanding, which is to the American Association of Petroleum Geologists, who has provided working capital to AAPG-Europe. The loan to AAPG-Europe does not have a specific due date, which is anticipated to be settled as the charity and the trading company develop established revenue streams. The American Association of Petroleum Geologists has asserted its intention to not call the loan or impose any collections requirements on the loan for the next fiscal year, at a minimum. During the year, AAPG wrote off £306,129 owed by the charity (including £121,132 owed by the charity's subsidiary) to AAPG. £306,129 was the amount owed to AAPG as at 30 June 2017.

In the current and previous years there was no deferred income.

13. Unrestricted funds

	July 1 2017 £	Incoming Resources £	Resources Expended £	June 30 2018 £
Group				
General fund	<u>(124,976)</u>	<u>694,402</u>	<u>(407,289)</u>	<u>162,137</u>
Charity				
General fund	<u>(119,813)</u>	<u>373,294</u>	<u>(155,738)</u>	<u>97,743</u>
Funds retained in subsidiary				<u>64,394</u>

AAPG-Europe

Notes Forming Part of the Financial Statements for the Year Ended June 30, 2018 (continued)

14. Trustee Remuneration and Related Party Transactions

There were no travel costs or other expenses reimbursed to any member of the management committee. No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year.

At the year end date the charity owed its parent, American Association of Petroleum Geologists £127,234 (2017 - £182,594). The transactions between the charity and its parent comprised expenses paid on behalf of each other and also a recharge of costs from the charity to its parent in respect of support for the Imperial Barrel Awards program.

At the year end date the charity's subsidiary, AAPG-Europe Trading Limited, owed the charity £59,918 (2017 - £35,233). The transactions between the charity and its subsidiary comprised recharged expenditure and loan repayments.

15. Operating Lease Commitments

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

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Within one year	49,496	49,496	49,496	49,496
Between two and five years	14,781	64,277	14,781	64,277
	<u>64,277</u>	<u>113,773</u>	<u>64,277</u>	<u>113,773</u>

Lease payments recognized as an expense during the year is £49,496 (2017: £49,496).

16. Control

The ultimate controlling party is AAPG (the American Association of Petroleum Geologists), an entity registered in the USA. AAPG is the parent company of AAPG-Europe by virtue of being its sole member. AAPG seeks to advance the science of geology and advance the profession of petroleum geology worldwide through fostering scientific research and the dissemination of scientific knowledge through publications, education training, workshops and conventions. Consolidated financial statements of AAPG are obtainable from 1444 South Boulder Avenue, Tulsa, Oklahoma 74119, USA (Registration no. 73-0125920).