

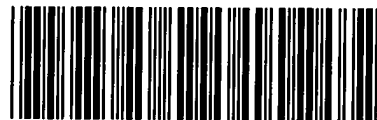
AAPG-Europe  
(A company limited by guarantee)



Report and Consolidated Financial Statements  
For the Year Ended June 30, 2021

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

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**AAPG-Europe**  
(A company limited by guarantee)

**Consolidated Financial Statements  
For the Year Ended June 30, 2021**

<b>Contents</b>	<b>Page Number</b>
Reference and Administrative Information	2
Report of the Trustees	3 - 9
Audit Report	10 - 15
Statement of Financial Activities	16
Balance Sheets	17
Statement of Cash Flows	18
Notes forming part of the financial statements	19 - 29

## **AAPG-Europe**

### **Report of the Trustees for the Year ended June 30, 2021**

The Trustees present their report and audited financial statements for the year ended June 30, 2021.

#### **Reference and Administrative Information**

Charity Name: AAPG-Europe

Charity Number (England and Wales): 1126290

Charity Number (Scotland): SC040127

Company Registration Number: 6540163

#### Registered Office:

6<sup>th</sup> Floor  
9 Appold Street,  
London,  
England,  
EC2A 2AP

#### Operational Office:

1444 South Boulder Avenue,  
Tulsa,  
Oklahoma 74119,  
USA

#### **Trustees**

A Wegener

D Cook

K Gibbons

D Curtiss

J Craig – Chairman

#### **Secretary**

Mr. D. Curtiss

#### **Senior Management Team**

Mr. A. Wegener

Director

Mr. B. Haws

Controller

**Auditors** – Moore Kingston Smith LLP; 6<sup>th</sup> Floor, 9 Appold Street, London EC2A 2AP

**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, 2021**

### **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 energy geosciences. Our work has primarily focused on advancing scientific knowledge through our program of educational events and expanding the geoscience community. All charitable activities focus on sharing scientific knowledge which helps the energy industry remain sustainable, and the events focus on the

## **AAPG-Europe**

### **Report of the Trustees for the Year ended June 30, 2021**

exchange of technology concerning the exploration of energy 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 energy resources.

#### Programs

We generally offer several educational events each year, with differing levels of scientific intensity. Our line-up of events includes our flagship Geoscience Technology Workshops, or GTW's and a larger regional conference. The GTWs are scientific learning opportunities that appeal to a much wider audience and are typically focused on issues or topics related to regional activities, or emerging technologies. The global pandemic caused by the 2019 Novel Coronavirus, SARS-CoV-2 (more commonly known as and referred to hereafter as COVID-19) had a profound impact on our organization and effectively eliminated our ability to deliver in-person events for the fiscal year. Our team was able to organize two GTW's online as well as conduct an online geothermal crossover event. In addition, we productively used the time to introduce a new line-up of less formal, free, collaboration events on specific energy geoscience topics using online platforms. Our response was extraordinary and we dramatically increased the engagement of geosciences throughout Europe and the world. These on-line only events attracted geoscientists and those interested in the geosciences that otherwise had not participated in our events and activities. We are very proud of that result and the resourcefulness and proactive outreach of our team.

#### **Financial Review**

AAPG-Europe has been operating in the United Kingdom for thirteen years. The last few years have been especially difficult from a financial standpoint and COVID-19 has compounded the challenges. In addition to the lack of ability to gather in person for our events, we receive most of our financial support from the energy industry (as a whole) in the way of sponsorship and support of our activities. The energy industry is suffering not just from financial hardship the last several years but also the steep drop in prices during the global pandemic. These factors had a pronounced, corresponding effect on our financial activities.

Although our educational offerings increased between 2014 and 2017, we had seen a decline in participation of our traditional format activities prior to the COVID-19 pandemic. Since the lockdown in the United Kingdom was announced in March 2020, we have not conducted any significant in-person revenue generating activities, though we did have four events that generated some revenue in 2021. The trustees are aware of our dramatically declining revenues and are working 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, including relocating (and eventually closing) our physical office.

## **AAPG-Europe**

### **Report of the Trustees for the Year ended June 30, 2021**

In light of the financial strain that we are experiencing, our senior leadership team has proposed to the trustees and has implemented some significantly different events and activities which will continue to fulfil the objects of the charity and hopefully bring back the interest and support of the energy industry when they are able to return to traditional events. This will not be a short-term fix (and COVID-19 has extended our forecast for challenging economic conditions), but will require long-term implementation of activities that will also be supported by the marketplace.

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. The COVID-19 global pandemic had a significant impact at the our APPEX event in March 2021. Our revenues were down dramatically, though we were still able to conduct our event on-line and deliver a robust technical program which was more effective than cancelling.

#### 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 with no prospect of gift aid from the trading subsidiary in the current fiscal year.

The American Association of Petroleum Geologists 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 provided AAPG-Europe with much needed debt relief and support needed to ensure that we can continue to operate as a going concern for the foreseeable future. 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.

#### 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, the squeeze on our operating margins, and the distress on the live events portion of our business due to COVID-19. 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.

# **AAPG-Europe**

## **Report of the Trustees for the Year ended June 30, 2021**

### Fund Balances

The group results are a shortfall for the period of £102,607 (2020: £48,344). Closing unrestricted reserves of the group are -£91,114 (2020: £11,493). At the end of the year, the liability to AAPG had decreased to £126,337 (2020: £135,183). AAPG-Europe has developed a significant loan payable to the American Association of Petroleum Geologists from the operations of the charity, which has persisted after the debt forgiveness in FY 2018. The Trustees 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.

The terms of the loan from AAPG 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 financial results for the years 2015 – 2017 eliminated any progress that had been made in that regard. 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. The trustees are mindful of the need to achieve modest surpluses year on year in the shorter term, with an immediate focus of minimizing or mitigating the negative balance in unrestricted reserves at the end of fiscal year 2022. The COVID-19 global pandemic will have a negative impact on our ability to meet these goals in the short term. The impact on the energy industry as a whole will also continue to apply negative pressure on our financial support.

### 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 volatility of energy prices, followed by a prolonged and sustained depression of not only energy prices, but the available support from the previously enthusiastic energy industry have had a profound and illuminating impact. We have creatively introduced alternate energy geoscience opportunities and have begun attracting attention from non-traditional funding sources. At this point, our current plans of expanding into other disciplines such as the energy transition and geothermal are being implemented. This expansion

## **AAPG-Europe**

### **Report of the Trustees for the Year ended June 30, 2021**

should provide additional exposure into other disciplines within the geosciences in addition to our core, geology, including cross-functional disciplines such as geophysics and engineering.

On the liability side of risk, 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 obtained insurance cover for the office space that we rented, as well as the activities that we undertake. We believe that the 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 always aware of the status of our financial arrangement.

#### **Plans for Future Periods**

Although the charity plans to continue disseminating the energy geosciences, the impact of COVID-19 has been swift and punitive. Our standard method of delivery, in person conferences, courses and workshops has been significantly disrupted. The activities that we have planned are the Geoscience Technology Workshops, the regional conference, the Energy Transition Forum and others. In light of our changing business model, we have taken steps to minimize our costs and continue to try new methods of delivering high-quality scientific education at low cost to the participants. Our team has been instrumental at developing creative new ideas which we hope and expect will be rewarded by the market in the future.

#### **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.



# **AAPG-Europe**

## **Report of the Trustees for the Year ended June 30, 2021**

### 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.

### **Auditors**

Moore 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

## **AAPG-Europe**

### **Report of the Trustees for the Year ended June 30, 2021**

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.

#### **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 25 October 2023 and signed on its behalf by:



Mr. D. Curtiss (Secretary)

## **AAPG-Europe**

### **Independent auditor's report to the members and trustees of AAPG-Europe for the year ended June 30, 2021**

#### **Opinion**

We have audited the financial statements of AAPG-Europe for the year ended 30 June 2021, which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2021 and of the group's 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) and 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 the 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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## **AAPG-Europe**

### **Independent auditor's report to the members and trustees of AAPG-Europe for the year ended June 30, 2021**

#### **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 strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Charities Accounts (Scotland) Regulations 2006 (as amended) require 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; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; 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.

## **AAPG-Europe**

### **Independent auditor's report to the members and trustees of AAPG-Europe for the year ended June 30, 2021**

#### **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 and under the Companies Act 2006 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.
- 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.

## **AAPG-Europe**

### **Independent auditor's report to the members and trustees of AAPG-Europe for the year ended June 30, 2021**

- 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.

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

## **AAPG-Europe**

### **Independent auditor's report to the members and trustees of AAPG-Europe for the year ended June 30, 2021**

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are 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), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

#### **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 charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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 addressed to them 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 and 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 opinions we have formed.

**AAPG-Europe**

**Independent auditor's report to the members and trustees of AAPG-Europe  
for the year ended June 30, 2021**

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

*Moore Kingston Smith LLP*

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

6<sup>th</sup> Floor  
9 Appold Street  
London  
EC2A 2AP  
Date: 31 October 2023



**AAPG-Europe**  
**Consolidated Statement of Financial Activities for the Year Ended**  
**June 30, 2021**

	Notes	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
<b>Income from:</b>					
Other trading activities – subsidiary	2	42,322	-	42,322	236,868
Charitable activities:					
Educational activities	3	30,204	-	30,204	131,106
Investment income		-	-	-	2
<b>Total Income:</b>		<u>72,526</u>	<u>-</u>	<u>72,526</u>	<u>367,976</u>
<b>Expenditure on:</b>					
Other trading activities – subsidiary	2	90,764	-	90,764	243,929
Charitable activities – cost of educational provision	4	84,369	-	84,369	164,099
Other expenditure	7	-	-	-	8,292
<b>Total Expenditure:</b>		<u>175,133</u>	<u>-</u>	<u>175,133</u>	<u>416,320</u>
<b>Net income/(expenditure):</b>		<u>(102,607)</u>	<u>-</u>	<u>(102,607)</u>	<u>(48,344)</u>
<b>Reconciliation of Funds:</b>					
Balance brought forward		<u>11,493</u>	<u>-</u>	<u>11,493</u>	<u>59,837</u>
<b>Total Funds Carried Forward:</b>		<u>(91,114)</u>	<u>-</u>	<u>(91,114)</u>	<u>11,493</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 expenditure for the year, included in the above statement of financial activities was £54,165 (2020 – £28,565). All income and expenditure in 2020 was also unrestricted.

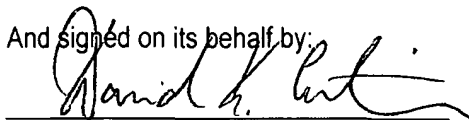
**AAPG-Europe**  
**Consolidated Balance Sheet**  
**As at June 30, 2021**

	Notes	Group		Charity	
		2021 £	2020 £	2021 £	2020 £
<b>Fixed Assets</b>					
Investments	9	-	-	1	1
<b>Current Assets</b>					
Debtors	10	48,785	56,884	97,099	55,573
Cash at Bank and in Hand		31,634	140,194	16,705	121,361
		80,419	197,078	113,804	176,934
<b>Creditors: Amounts falling due within one year</b>	11	(171,533)	(185,585)	(162,126)	(171,091)
<b>Net current assets</b>		(91,114)	11,493	(48,322)	5,843
<b>Net assets</b>		(91,114)	11,493	(48,321)	5,844
<b>The funds of the group/charity:</b>					
Unrestricted income funds	12	(91,114)	11,493	(48,321)	5,844

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 25 October 2023

And signed on its behalf by:



David Curtiss  
Trustee

Company number: 6540163

**AAPG-Europe**  
**Consolidated Statement of Cash Flows for the Year Ended**  
**June 30, 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Net (expenditure)/income for the reporting period	(102,607)	(48,344)
Depreciation charges	-	254
Investment income	-	(2)
Decrease/(increase) in debtors	8,099	123,544
Increase/(decrease) in current liabilities	(14,052)	(116,094)
<b>Net cash generated by / (used in) operating activities</b>	<u>(108,560)</u>	<u>(40,642)</u>
<b>Cash flows from investing activities</b>		
Investment income	-	2
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>2</u>
<b>Change in cash and cash equivalents in the reporting period</b>	(108,560)	(40,640)
<b>Cash and cash equivalents at beginning of reporting period</b>	<u>140,194</u>	<u>180,834</u>
<b>Cash and cash equivalents at the end of reporting period</b>	<u>31,634</u>	<u>140,194</u>

# **AAPG-Europe**

## **Notes Forming Part of the Financial Statements for the Year Ended June 30, 2021**

### **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 6<sup>th</sup> Floor, 9 Appold Street, London, England, EC2A 2AP.

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**

At the balance sheet date, the group had net liabilities of £91,114 (2020 – net assets of £11,493) and recorded net expenditure of £102,607 (2020 - £48,344).

In March 2020, the World Health Organization declared a global pandemic over the novel coronavirus known as COVID-19. This outbreak caused significant global supply chain disruptions which had an impact on the charity's operations. Many events scheduled for fiscal year 2021 were postponed or cancelled. Although the situation is improving, event activity has not returned to pre-pandemic levels. In light of the difficult financial challenges

## **AAPG-Europe**

### **Notes Forming Part of the Financial Statements for the Year Ended June 30, 2021 (continued)**

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 revised forecasts and projections and have taken account of the recent financial pressures on events and the development of new activities.

After making enquiries, 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. This is because the American Association of Petroleum Geologists, the charity's ultimate controlling party, has confirmed that it will provide sufficient financial support to the charity to enable it to continue to trade and to meet its liabilities as they fall due, for at least one year from the signing date of approval of the financial statements for the year ended 30 June 2021. This support includes the Executive Committee of AAPG having voted to forgive the legacy debt of both the charity and the trading subsidiary as at 30 June 2023. Thus the trustees continue to adopt the going concern basis of accounting in preparing the 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

## **AAPG-Europe**

### **Notes Forming Part of the Financial Statements for the Year Ended June 30, 2021 (continued)**

- 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 policies are applied to specific categories of income.

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

#### **f) Resources Expended**

Expenditure is recognized on an accrual 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**

## **AAPG-Europe**

### **Notes Forming Part of the Financial Statements for the Year Ended June 30, 2021 (continued)**

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. Tax is charged on non-primary-purpose activities in excess of trading limits.

#### **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 recognized in the period in which the employee's services are reviewed.
- Termination benefits are recognized 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**

**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2021 (continued)**

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

**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: 6<sup>th</sup> Floor, 9 Appold Street, London, England, EC2A 2AP. 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:

	<b>2021 Total £</b>	<b>2020 Total £</b>
Turnover	42,322	236,868
Cost of sales	<u>(3,505)</u>	<u>(145,653)</u>
<b>Gross profit</b>	38,817	91,215
Administration costs	(87,259)	(98,276)
Other interest receivable	<u>-</u>	<u>2</u>
<b>Loss before taxation</b>	(48,442)	(7,059)
Taxation	-	-
Retained profit brought forward	<u>5,649</u>	<u>12,708</u>
<b>Retained profit carried forward</b>	(42,793)	5,649
The assets, liabilities and funds of the subsidiary were:		
Assets	61,151	41,109
Liabilities	<u>(103,944)</u>	<u>(35,459)</u>
<b>Capital and reserves</b>	<u>(42,793)</u>	<u>5,650</u>



**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2021 (continued)**

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

	Unrestricted	Restricted	2021	2020
	£	£	Total £	Total £
Regional Conference	-	-	-	52,563
Miscellaneous Income	6,806	-	7,406	-
Educational Activities	23,398	-	22,798	78,543
	<u>30,204</u>	<u>-</u>	<u>30,204</u>	<u>131,106</u>

100% (2020: 36%) of the group's total income was attributable to markets outside the United Kingdom.

**4. Charitable activities**

	Unrestricted	Restricted	2021	2020
	£	£	Total £	Total £
Charitable activities -				
Short course costs	-	-	-	25,844
Regional conference costs	(419)	-	(419)	22,100
Support costs	84,788	-	84,788	116,145
	<u>84,369</u>	<u>-</u>	<u>84,369</u>	<u>164,099</u>

**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2021 (continued)**

**5. Support costs**

	Unrestricted	Restricted	2021 Total	2020 Total
	£	£	£	£
Salaries and wages	57,569	-	57,569	47,908
Redundancy costs	-	-	-	-
Rent, service charge and rates	5,034	-	5,034	19,116
Office supplies	924	-	924	4,478
Repairs and maintenance	40	-	40	(861)
Telephone	649	-	649	3,991
Travel	237	-	237	1,864
Bank charges and foreign exchange loss	1,198	-	1,198	3,776
Depreciation	-	-	-	254
Governance costs	19,137	-	19,137	35,619
	<u>84,788</u>	<u>-</u>	<u>84,788</u>	<u>116,145</u>

**6. Governance costs**

	Unrestricted	Restricted	2021 Total	2020 Total
	£	£	£	£
Legal fees	2,434	-	2,434	11,912
Audit fees				
-in respect of current year	8,350	-	8,350	8,350
-in respect of prior years	1,100	-	1,100	2,230
Auditors – other services	7,253	-	7,253	13,127
	<u>19,137</u>	<u>-</u>	<u>19,137</u>	<u>35,619</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, 2021 (continued)**

**8. Staff Costs and Numbers**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Salaries	116,206	84,268
Social security costs	11,438	11,490
Pension costs	3,525	3,185
	<u>131,169</u>	<u>98,943</u>
Average staff numbers in the year were:	<u>3</u>	<u>3</u>

One employee earned between £80,000 and £90,000 in the current year (2020: between £70,000 and £80,000). This employee's salary is recharged, in part, to the charity's parent, AAPG (the American Association of Petroleum Geologists).

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

**Remuneration of key management personnel**

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, 2021 (continued)**

**9. Investments**

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

**10. Debtors**

	<b>Group</b>		<b>Charity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	1,018	31,990	1,018	23,888
Amount due from subsidiary	-	-	94,536	20,965
Other debtors	9,096	17,897	722	9,523
Prepayments	38,671	6,997	823	1,197
	<u>48,785</u>	<u>56,884</u>	<u>97,099</u>	<u>55,573</u>

**11. Creditors: Amounts Falling due within one Year**

	<b>Group</b>		<b>Charity</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	-	5,277	-	5,277
Taxation and social security	20,753	22,769	19,990	14,723
Accruals and deferred income	24,443	22,356	18,893	13,636
Due to American Association of Petroleum Geologists	126,337	135,183	123,243	137,455
	<u>171,533</u>	<u>185,585</u>	<u>162,126</u>	<u>171,091</u>

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 12 months following the signing of these financial statements, at a minimum.

In the current year there was deferred income of £2,777 (2020 - £11,721).

**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2021 (continued)**

**12. Unrestricted funds**

	July 1 2020 £	Incoming Resources £	Resources Expended £	June 30 2021 £
Group General fund	11,493	72,526	(175,133)	(91,114)
Charity General fund	5,844	30,204	(84,369)	(48,321)
Funds retained in subsidiary				(42,793)

**13. 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 £123,423 (2020 - £137,455). 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 £94,536 (2020 - £20,965). The transactions between the charity and its subsidiary comprised recharged expenditure and loan repayments.

**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2021 (continued)**

**14. 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	
	2021	2020	2021	2020
	£	£	£	£
Within one year	-	-	-	-
Between two and five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Total lease payments recognized as an expense during the year was £5,034 (2020: £14,781).

**15. 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).