

Company Registration No. 2225820 (England and Wales)

Gas Strategies Group Limited

**Annual report and financial statements
for the year ended 31 December 2016**

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Gas Strategies Group Limited

Company information

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

Gas Strategies Group Limited

Contents

	Page
Strategic report	1 - 5
<i>Directors' report</i>	6 - 7
Independent auditors' report	8 - 9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 24

Gas Strategies Group Limited

Strategic report

For the year ended 31 December 2016

The directors present the strategic report for the year ended 31 December 2016.

Development and performance of the business

Highlights

2016 represented a third consecutive year of depressed activity in the global gas and LNG industry. Whilst oil prices recovered somewhat for Brent spot to end the year at \$54 / bbl, an increase of some 46% over the period, gas and LNG prices remained low.

The expectations of significant supply overcapacity overshadowed pre-FID projects throughout 2016, representing a challenging environment in which marketing of LNG projects was constrained by concerns of over commitment on the part of buyers and expectations of excess industry capacity running potentially to 2025. Only two projects for new capacity took FID during the year. This characterises the significant stagnation that has affected the LNG and gas industry throughout 2016.

Gas Strategies Group has been impacted by such industry challenges, just as much as our clients have been. During the year, Gas Strategies Group's global revenues fell back by some 21% and the impact of the industry environment was felt across all service lines of the business.

However, with hindsight, LNG supply and demand balance in 2016 has performed far better than expectations and the anticipated submergence under a wave of new LNG did not occur: in part due to delays in new projects coming online and also because of significant growth of demand in a number of markets – particularly China and India. A similar more favourable industry performance is now also expected for 2017.

The first few months of 2017 have shown promising indications that the very subdued new business environment of 2016 in LNG liquefaction investment is giving way to a new optimism for a return to a growth agenda, albeit on the basis of new benchmarks. Principal amongst these recalibrated parameters are the downward drive on the EPC costs of liquefaction, the costs of feedgas, the “deal size” of expected SPAs / LCTAs and (potentially) contract term.

This has not yet translated into improvements in business levels and it may take some time for growth to return to Gas Strategies' business. Nonetheless we consider this a positive outlook for our industry, our clients and our business. We are confident that Gas Strategies has the business strategy and the capable team to assure our positioning as the global gas and LNG industry recovers, and to sustain a healthy business during 2017 and beyond.

Business environment

During 2016 the global oil and gas industry continued to experience the challenging market environment of lower oil prices that commenced in mid-2014. However the Brent spot price marker, which at the end of December 2015 was at \$36.85 / bbl and just off its lowest in 11 years, after a further fall to sub-\$30 / bbl in January recovered somewhat over the course of 2016. The apparent resolve by OPEC to return to controls on production contributed to Brent spot closing 2016 at \$54 / bbl, some 46% up over the year. For the longer term OPEC itself has settled into a prediction of \$60 / bbl by 2020.

This has allowed oil-indexed LNG prices to recover to a degree, giving some respite to revenues under long term supply contracts, but still insufficient to put black ink on the results of the high cost liquefaction projects coming on line, particularly those in Australia whose financial viability is dependent on US\$80+/ bbl oil.

On the supply side, five new liquefaction trains were commissioned in Australia, the first two trains of Sabine Pass in the US came online and in Malaysia the 9th liquefaction train of 3.6 MTPA was commissioned at the existing Petronas' Bintulu plant. The increase in LNG production, including resumption of production in Angola and Egypt, was significant +7.5% although lower than had been expected at the start of the year. Due to the slow ramp-up of several Australian projects, the combined new liquefaction capacity of 36 MT worldwide starting up in the course of the year only added 18MT of actual new supply in 2016.

LNG demand also did not outturn as generally expected and proved to be particularly strong in the case of China (+36.9% growth) due to an increase in gas-fired power generation and from industry, and India (+30%) helped by low spot prices and a price sensitive LNG demand. Strong demand growth was also seen in Egypt, Pakistan and Jordan. On the other hand Europe also did not act as the sink for the 2016 production increase and the UK saw the largest year-on-year decline in imports (2.6MT or -26%) while Belgium and the Netherlands also recorded declines of respectively -58% and -42%.

Although the expected "wave" of LNG breaking over the market did not materialise, and demand growth proved stronger than expected, the expectations of significant supply overcapacity overshadowed pre-FID projects throughout the year. Only two FIDs were taken during the year, one in Indonesia (Tangguh Train 3) and one in the United States (Elba Liquefaction). This represents the lowest volume of liquefaction project sanctions in any year since 2008.

A large number of potential expansion and new liquefaction projects continued to market their LNG volumes and liquefaction capacities, despite a general buyer-side ambivalence through the year which saw no urgency to commit to new long term Sale and Purchase Agreements (SPAs) / Liquefaction Capacity Tolling Agreements (LCTAs). Throughout 2016 buyers were confident in the expectation of increased liquidity in spot markets and that ample supply would be sustained up to a rebalancing of supply and demand in 2022 or 2023. Many project developers have recognised the ongoing challenging market environment and competitive nature of the business and for them design optimisation and reduction of project costs became a key focus through much of the year.

Eleven new LNG import terminals were commissioned during 2016, adding a combined 32 MTPA of new regasification capacity. This included four new importing countries: Colombia, Finland, Jamaica and Poland. Of the new import terminals six are onshore facilities and five incorporate floating solutions. Five import terminal expansions were also completed in existing LNG markets. At the end of the year, 6 new offshore terminals and 13 new onshore terminals were reported to be under construction, 5 of which are in China. Seven expansion projects were also underway. In addition, several FSRU projects have been proposed in new markets including Bangladesh, Croatia, El Salvador, Ghana, Ivory Coast, Morocco, Myanmar, Philippines, Puerto Rico, South Africa and Sri Lanka.

The first few months of 2017 have shown promising indications that the very subdued new business environment of 2016 in LNG liquefaction is giving way to a new optimism for a return to a growth agenda, albeit on the basis of new benchmarks. Principal amongst these recalibrated parameters are EPC costs of liquefaction, the costs of feedgas, the “deal size” of expected SPAs / LCTAs and (potentially) contract term.

The outlook for LNG supply and demand for 2017 is again indicating that the industry will not be submerged under a wave of over supply, with confidence that new demand will emerge for LNG at lower prices and shortening the period of any potential imbalance. Innovation in commercial models is likely to be critical to many projects being successful in this new phase of the LNG industry’s development, including new sources and commercial arrangements for feedgas from US shale, and contracting and financing arrangements that mirror the challenge for traditional utility buyers to enter into long term supply or capacity commitments as their markets liberalise.

The prospects for future development and monetisation of resources are not restricted to the US, with new upstream basins such as the East Mediterranean and Mexico being recognised and brought forward as new sources of growth for global gas. Further LNG projects are being mooted by Russia to follow Yamal LNG which is due to commence production in 2017. The development of Iran LNG is also being progressed with international partners in anticipation of the progressive relief from sanctions and most recently there has been the announcement by Qatar to lift its moratorium on new LNG projects and to produce an additional 15 MTPA of LNG within five to seven years.

Gas and related infrastructure investment has continued to attract strong interest from sovereign wealth funds, infrastructure funds and private equity through 2016. Interest in and competition for assets has continued to drive valuation multiples higher, with recognisably greater aggressiveness in the assessment and factoring of growth potential.

Business performance during 2016

Unsurprisingly, Gas Strategies Group has been directly impacted by the continuing challenges faced by its clients during 2016. The year saw Gas Strategies Group’s overall revenues fall back again some 21% to £4.7m. Consulting revenues while initially sustained at acceptable levels during the first quarter, fell significantly in the remainder of the year, Information Services again fell back by 7.8% while public training courses were not offered as recruitment and training expenditure in the industry continued largely frozen.

Consulting performance through 2016 represented the most difficult trading conditions experienced by the business in more than 10 years, a period in which the commitment and capabilities of our team were most challenged. An apparent initial market uplift in the first quarter for LNG related services proved to be short lived: the absence of industry confidence seen in the April LNG 18 conference in Perth rapidly fed through to low levels of business enquiries which sustained throughout the remainder of 2016. We were pleased in this period to continue serving project developments that were already matured beyond FID, and those well resourced clients that remained intent on bringing forward new LNG projects when market conditions improve. We were engaged by a number of project developers and lenders in assisting them to understand and to develop strategies to address the risks to their financing and business models as a consequence of the prevailing market conditions.

Gas Strategies Group Limited

Strategic report (continued)

For the year ended 31 December 2016

We also recognised an increasing interest by clients for whom lower gas prices represent an opportunity, for example in supporting their understanding of the opportunities in LNG to power projects in new markets for LNG.

Our support to investors in gas infrastructure remained a material part of the Consulting business mix in 2016, supporting private equity and sovereign wealth funds and infrastructure funds in transactions and portfolio planning across three continents. Our engagement in a further major global LNG infrastructure transaction was commissioned at year-end.

During 2016 we were pleased to also provide expert witness input to a number of gas price and commercial disputes and arbitral processes.

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

Within our Information Service business line, a strong focus on client engagement yielded significant improvement in subscriber retention rates over the year. This has been a significant achievement following challenges to our subscriber base over a number of years due to pressure as clients continued to seek headcount and cost reductions. New business however has not yet been achieved at a level that will ensure that the revenues for Information Services return to growth.

Our editorial team has continued to improve their connection to the market and the timely relevance of content as the global gas and LNG market undergoes fundamental challenge and change. The flagship Gas Strategies Interviews series has continued to build recognition, and a compendium of the best of prior year interviews was published early in 2016.

Despite continuing challenging market conditions in 2016, Gas Strategies Group maintained reasonable profitability for the year overall, supported by strong management of costs.

We recognise the great contribution which our staff and associates make to the success of Gas Strategies Group and have maintained a strong commitment to their training and development despite the market conditions and associated business challenges. Our business would not be what it is without their commitment, and without our valued clients who trust us with some of their greatest business problems.

We are pleased to note some green shoots of recovery emerging in the global LNG industry in the early months of 2017. This has not yet manifested itself in improvements in business levels and it may take some time for growth to return Gas Strategies' business. Nonetheless we consider this a positive outlook for our industry, our clients and our business. We are confident that Gas Strategies has the business strategy and the capable team to assure our positioning as the global gas and LNG industry recovers, and to sustain a healthy business during 2017.

Key performance indicators

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

Sales Growth – (-21.0%; 2015 -27.2%) representing contraction in Consulting and Information Services, with no revenue contribution from public Training.

Gas Strategies Group Limited

Strategic report (continued)

For the year ended 31 December 2016

Gross Margin – (52.5%; 2015 50.0%) delivering sustained strength in gross margins, particularly through larger scale consulting assignments and continuing focus on cost control, offset by the impact of reduced revenues.

Operating Profit – (12.7%; 2015 10.7%) reflecting the impact of lower sales revenue offset by stronger gross margin performance against a relatively inflexible overhead cost base.


Principal Risks and Uncertainties

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

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

The uncertainties introduced by the United Kingdom referendum decision to leave the European Union introduced a new business risk in 2016. This may impact our access to and competitiveness in the EU marketplace and may have consequences on the company's eligibility to undertake projects for some existing and potential clients.

On behalf of the board


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Patrick Breen

Director

21 April 2017

Gas Strategies Group Limited

Directors' report

For the year ended 31 December 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

During 2016 the principal activities of the group continued to be consulting services to the global energy industry, supported by supplementary service lines of management training and the provision of information services to that client base.

Directors

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

David Mauro
Clare Spottiswoode
Patrick Breen

Auditors

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

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

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

Gas Strategies Group Limited

Directors' report (continued)

For the year ended 31 December 2016

Cash Flow, Borrowing and Liquidity

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

In light of the continuing trading uncertainties that result from the outlook for global energy markets and wider economies during 2017, the directors have made prudent assessments of potential impact on company cash flows during 2017. The directors believe that existing resources will support the cash flow and liquidity requirements of the business in trading during 2017.

Employees

Details of the number of employees are given in Note 3 in the financial statements.

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

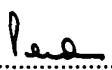
The company aims to keep employees informed of all relevant matters through regular staff meetings, both formal and informal, and through written communications. Staff issues are dealt with efficiently and fairly. The company feels it has a transparent and appropriate policy for employee remuneration.

Environment

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

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

On behalf of the board



Patrick Breen

Director

21 April 2017

Gas Strategies Group Limited

Independent auditors' report

To the members of Gas Strategies Group Limited

We have audited the financial statements of Gas Strategies Group Limited for the year ended 31 December 2016 set out on pages 10 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Gas Strategies Group Limited

Independent auditors' report (continued)

To the members of Gas Strategies Group Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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



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


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Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Gas Strategies Group Limited

**Statement of comprehensive income
For the year ended 31 December 2016**

		2016	2015
	Notes	£	£
Turnover	2	4,669,277	5,903,445
Cost of sales		(2,218,085)	(2,953,187)
		<hr/>	<hr/>
Gross profit		2,451,192	2,950,258
Administrative expenses		(1,857,709)	(2,316,758)
		<hr/>	<hr/>
Operating profit	3	593,483	633,500
Interest receivable and similar income		89,914	93,287
		<hr/>	<hr/>
Profit before taxation		683,397	726,787
Taxation		(139,423)	(148,385)
		<hr/>	<hr/>
Profit for the financial year	11	543,974	578,402
		<hr/>	<hr/>

Gas Strategies Group Limited

Statement of financial position

As at 31 December 2016

	Notes	£	2016 £	£	2015 £
Fixed assets					
Intangible assets	5		19,429		32,740
Tangible assets	6		269,266		350,381
Investments	7		200		200
			<u>288,895</u>		<u>383,321</u>
Current assets					
Debtors	8	2,997,364		4,362,540	
Cash at bank and in hand		2,274,335		1,306,601	
		<u>5,271,699</u>		<u>5,669,141</u>	
Creditors: amounts falling due within one year	9	(936,158)		(897,000)	
Net current assets			<u>4,335,541</u>		<u>4,772,141</u>
Total assets less current liabilities			<u>4,624,436</u>		<u>5,155,462</u>
Capital and reserves					
Called up share capital	10		400,000		400,000
Share premium account			43,012		43,012
Profit and loss reserves	11		4,181,424		4,712,450
Total equity			<u>4,624,436</u>		<u>5,155,462</u>

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

The financial statements were approved by the board of directors and authorised for issue on 21 April 2017 and are signed on its behalf by:

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Patrick Breen

Director

Company Registration No. 2225820

Gas Strategies Group Limited

**Statement of changes in equity
For the year ended 31 December 2016**

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2015		400,000	43,012	4,334,048	4,777,060
Year ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	578,402	578,402
Dividends		-	-	(200,000)	(200,000)
Balance at 31 December 2015		400,000	43,012	4,712,450	5,155,462
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	543,974	543,974
Dividends		-	-	(1,075,000)	(1,075,000)
Balance at 31 December 2016		400,000	43,012	4,181,424	4,624,436

Gas Strategies Group Limited

Statement of cash flows

For the year ended 31 December 2016

	Notes	£	2016 £	£	2015 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	16		1,980,615		(108,772)
Income taxes paid			(26,269)		(311,702)
Net cash inflow/(outflow) from operating activities			1,954,346		(420,474)
Investing activities					
Purchase of intangible assets		-		(39,934)	
Purchase of tangible fixed assets		(8,776)		(17,284)	
Proceeds on disposal of tangible fixed assets		7,250		-	
Interest received		89,914		93,287	
Net cash generated from investing activities			88,388		36,069
Financing activities					
Dividends paid		(1,075,000)		(200,000)	
Net cash used in financing activities			(1,075,000)		(200,000)
Net increase/(decrease) in cash and cash equivalents			967,734		(584,405)
Cash and cash equivalents at beginning of year			1,306,601		1,891,006
Cash and cash equivalents at end of year			2,274,335		1,306,601

Gas Strategies Group Limited

Notes to the financial statements

For the year ended 31 December 2016

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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

1.2 Turnover

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

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

1.3 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

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

Software	33.33% using the straight line basis
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1 Accounting policies (continued)

1.4 Tangible fixed assets

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

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

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

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

1.5 Fixed asset investments

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

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

1.6 Impairment of fixed assets

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

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

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

1.7 Cash and cash equivalents

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

1 Accounting policies (continued)

1.8 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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

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

Classification of financial liabilities

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

Notes to the financial statements (continued)
For the year ended 31 December 2016

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Taxation

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

Notes to the financial statements (continued)
For the year ended 31 December 2016

1 Accounting policies (continued)

Current tax

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

Deferred tax

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

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

1.13 Leases

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

1.14 Foreign exchange

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

Gas Strategies Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

2 Turnover and other revenue

	2016	2015
	£	£
Turnover		
	4,669,277	5,903,445
	<u><u> </u></u>	<u><u> </u></u>

Other significant revenue

Interest income	89,914	93,287
	<u><u> </u></u>	<u><u> </u></u>

Turnover analysed by geographical market

	2016	2015
	£	£
UK	602,055	1,172,525
Overseas (excluding US)	3,353,592	4,151,105
US and Canada	713,630	579,815
	<u><u>4,669,277</u></u>	<u><u>5,903,445</u></u>

3 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	15,750	15,750
	<u><u> </u></u>	<u><u> </u></u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 25 (2015 - 31).

Gas Strategies Group Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

5 Intangible fixed assets

	Software £
Cost	
At 1 January 2016 and 31 December 2016	39,934
Amortisation and impairment	
At 1 January 2016	7,194
Amortisation charged for the year	13,311
At 31 December 2016	20,505
Carrying amount	
At 31 December 2016	19,429
At 31 December 2015	32,740

6 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2016	960,573
Additions	8,776
Disposals	(32,859)
At 31 December 2016	936,490
Depreciation and impairment	
At 1 January 2016	610,192
Depreciation charged in the year	78,072
Eliminated in respect of disposals	(21,040)
At 31 December 2016	667,224
Carrying amount	
At 31 December 2016	269,266
At 31 December 2015	350,381

Gas Strategies Group Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

7 Fixed asset investments

	2016	2015
	£	£
Investments	200	200

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values. The subsidiary undertakings whose results or financial position principally affected the figures are listed in note 15.

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2016 & 31 December 2016	200
Carrying amount	
At 31 December 2016	200
At 31 December 2015	200

8 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	469,686	827,157
Amounts due from group undertakings	2,283,132	3,219,682
Other debtors	244,546	315,701
	2,997,364	4,362,540

Trade debtors disclosed above are measured at amortised cost.

Gas Strategies Group Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

9 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	95,159	281,743
Amounts due to group undertakings	200	200
Corporation tax	129,774	16,620
Other taxation and social security	55,281	72,681
Other creditors	655,744	525,756
	<u>936,158</u>	<u>897,000</u>

10 Called up share capital

	2016	2015
	£	£
Issued and fully paid		
400,000 Ordinary shares of £1 each	400,000	400,000
	<u>400,000</u>	<u>400,000</u>

11 Profit and loss reserves

	2016	2015
	£	£
At the beginning of the year	4,712,450	4,334,048
Profit for the year	543,974	578,402
Dividends	(1,075,000)	(200,000)
	<u>4,181,424</u>	<u>4,712,450</u>

12 Operating lease commitments

Lessee

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

	2016	2015
	£	£
	<u>1,011,187</u>	<u>756,083</u>

Gas Strategies Group Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

13 Related party transactions

Transactions with related parties

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

During the year the company invoiced £nil (2015: £91,784) to P J Breen Limited, Patrick Breen, a director of the company, is the principal shareholder in P J Breen Limited. At the year end P J Breen Limited owed the company £nil (2015: £4,353), which was included in trade debtors.

During the year, DVM Consulting Inc invoiced Gas Strategies Group Limited £25,884 (2015: £21,041). David Mauro, a director of the company, is a director of DVM Consulting Ltd. At the year end, Gas Strategies Group Limited owed DVM Consulting Inc £330 (2015: £nil)

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

14 Parent company

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

15 Subsidiaries

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

Details of the company's subsidiaries at 31 December 2016 are as follows:

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

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

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

Gas Strategies Group Limited

Notes to the financial statements (continued)
For the year ended 31 December 2016

16 Cash generated from operations

	2016	2015
	£	£
Profit for the year after tax	543,974	578,402
Adjustments for:		
Taxation charged	139,423	148,385
Investment income	(89,914)	(93,287)
Loss on disposal of tangible fixed assets	4,569	-
Amortisation and impairment of intangible assets	13,311	7,194
Depreciation and impairment of tangible fixed assets	78,072	106,619
Movements in working capital:		
Decrease/(increase) in debtors	1,365,176	(539,840)
(Decrease) in creditors	(73,996)	(316,245)
Cash generated from/(absorbed by) operations	1,980,615	(108,772)