

AAPG-Europe  
(A company limited by guarantee)



Report and Consolidated Financial Statements  
For the Year Ended June 30, 2016

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



## **AAPG-Europe**

(A company limited by guarantee)

### **Consolidated Financial Statements For the Year Ended June 30, 2016**

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## **AAPG-Europe**

### **Report of the Trustees for the Year ended June 30, 2016**

The Trustees present their report and audited financial statements for the year ended June 30, 2016.

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

Charity Name: AAPG-Europe

Charity Number (England and Wales): 1126290

Charity Number (Scotland): SC040127

Company Registration Number: 6540163

#### Registered Office:

21 - 22 New Row  
3<sup>rd</sup> Floor  
London  
WC2N 4LE

#### Operational Office:

21 - 22 New Row  
3<sup>rd</sup> Floor  
London  
WC2N 4LE

#### **Trustees**

Dr. R. Hardman	Chair
Dr. A. Grindrod	
Mr. D. Curtiss	
Mr. D. Lange	
Dr. D. Cook	

#### **Secretary**

Mr. D. Lange

#### **Senior Management Team**

Mr. J. Richardson	Director
Mr. B. Haws	Controller

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

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

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

# **AAPG-Europe**

## **Report of the Trustees for the Year ended June 30, 2016**

### **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 foregoing, 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 and the dissemination of that science and on the many aspects of the upstream oil and gas industry. Our work has primarily focused on advancing scientific knowledge through our program of educational events. All charitable activities focus on sharing scientific knowledge which helps the exploration and production industry remain sustainable, and the events focus on the

## **AAPG-Europe**

### **Report of the Trustees for the Year ended June 30, 2016**

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

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

#### Programs

We continue to offer several educational events each year. Our line-up of events includes short courses and learning lunches during the year, which are open for anyone to attend. The short courses are educational offerings where we have a distinguished scientist provide a 1-4 day curriculum covering specific scientific and geological topics. Hosting events throughout Europe helps widen the participation as we have drawn attendance from over a dozen countries, including Norway, the Czech Republic, Hungary, Portugal, Spain and The Netherlands in recent years.

We also conducted some short courses around the annual APPEX event. The Oil Finders Lunch is a very affordable (£10.00, including lunch) event typically held in Aberdeen several times per year. These lunches are a short-term (1-2 hour) informational opportunity where an industry leader discusses current issues and events in the geosciences, and energy geosciences more specifically and are held jointly with the Petroleum Exploration Society of Great Britain (PESGB). The GTWs are scientific learning opportunities that are different from short courses, as they appeal to a much wider audience, and are typically on issues or topics related to regional activities, or emerging technologies. This year we began participating in joint basin and technical mastery workshops with the PESGB, which are low-cost, short duration, technical training opportunities. This has reduced the cost to AAPG-Europe of running these events whilst continuing our engagement with them.

The Imperial Barrel Award European competition, held in Prague, Czech Republic, is a student competition for geoscience graduate students from universities around Europe to experience a hands-on scientific analysis of geological data. The program is rigorous and contributes to AAPG-Europe's mission of promoting petroleum geosciences through real-world training. In this competition, student teams analyze a dataset (geology, geophysics, land, production infrastructure, and other relevant materials) in the eight weeks prior to their local competition. Each team then delivers their results in a 25 minute presentation to a panel of industry experts. Students have the chance to use state of the art technology on a real dataset, receive feedback from an industry panel, and win cash awards for their school, and the winner goes on to compete in the global IBA finals. We organized the Europe IBA competition and hosted more than 21 teams, which included training for over 130 students and professors at the competition at no cost to the participants.

# **AAPG-Europe**

## **Report of the Trustees for the Year ended June 30, 2016**

### **Financial Review**

AAPG-Europe has been operating in the United Kingdom for eight years. We continue to evaluate our model with a focus on the expansion of our programs and educational offerings, while also being fiscally responsible. Although we have increased our educational offerings over the past few years, those increased outreach opportunities were not self-funding. Likewise, the main source of financial support that AAPG-Europe receives is from the energy industry. During fiscal year 2016, the energy company's profits have continued to slide, and the support we have received has been reduced as well. As a result, AAPG-Europe secured much of the funding used during the period in the form of gift aid from the subsidiary trading company. This gift aid provided much needed resources to support our charitable mission.

### Principal Funding Sources

AAPG-Europe conducted several educational, scientific events that generated revenues to support many of the programs we conducted. Aside from the fees generated in pursuit of the educational activities, the principal funding sources for the year were predominately by the gift aid of proceeds described above from the subsidiary trading company, as well as the continued financing of existing debt by the American Association of Petroleum Geologists.

### Investment Policy

The Trustees of AAPG-Europe have been working to establish a solid financial plan to 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 Management Committee has invested the small amount of current available resources in a higher yielding business money manager account with a respected financial institution. In light of the current economic environment, our return on our investment appears reasonable.

### Fund Balances

The group results are a loss for the period of £72,666(2015: £57,125 loss). Closing unrestricted reserves of the group are £9,569(2015: £82,235). AAPG-Europe has developed a significant loan payable to the American Association of Petroleum Geologists through the start-up and initial operations of the Charity. 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. During this current fiscal year, the liability to the American Association of Petroleum Geologists decreased slightly by £9,769.

The terms of this loan are such that there is no defined repayment date, hence in accordance with FRS 102 this is classified as a current liability, however the AAPG has confirmed its willingness to continue to provide the loan finance to AAPG-Europe until it has generated sufficient working capital to repay the loan. For this reason the trustees are satisfied that there will be no call on repayment that would limit the charity's ability to

## **AAPG-Europe**

### **Report of the Trustees for the Year ended June 30, 2016**

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 intends to increase reserves as it continues developing and reducing its indebtedness from start-up. Our objective is to generate and maintain at least 6 months' worth of operating expenses in the longer term. Based on the anticipated annual operating costs of around £260k per year, this equates to a level of unrestricted reserves of £130k. The closing reserves of the charity at 30 June 2016 amounted to £9,569, which is below our target range. 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 but are mindful of the need to achieve modest surpluses year on year in the shorter term.

#### Risk

The Management Committee is aware that risk is inherent in most undertakings. However, we believe that most of our risk is minimal or manageable. The trustees have reviewed and approved a comprehensive risk register during the year, which has increased our focus on our risk profile. This risk register will be reviewed on a periodic basis and amended as deemed necessary by the trustees.

On the liability side of risk, we rent space for our offices and the events we organize in reasonable facilities. We have employment policies in place for the staff that we hire. However, despite sound policies and best efforts on logistics, loss can still occur. To that end, we have obtained insurance cover for the office space that we rent, as well as the activities that we undertake. We believe that the amounts of coverage though not limitless, are reasonable and will help minimize the risk of financial loss in the event of a successful claim. We address our indebtedness to AAPG at least annually to ensure that we are aware of the status of our financial arrangement at all times. During the year, trustees were covered by indemnity insurance.

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

The charity plans to continue the activities outlined above in the forthcoming years subject to satisfactory funding arrangements. We are considering adding several new projects within the community which will expand our current offerings and revenue streams including the GeoScience Technology Workshops (GTW), regional conferences and public information from the internet.

#### **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

## **AAPG-Europe**

### **Report of the Trustees for the Year ended June 30, 2016**

was registered with OSCR, the Office of the Scottish Charity Register on December 11 2008. The company was established under a Memorandum of Association which established the objects and purposes of the charitable company and is governed under its Articles of Association. In the event of the company being dissolved, members are required to contribute an amount not exceeding £1.

#### Trustee Selection

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

#### Induction and Training

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

#### **Auditors**

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

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

#### **Statement of Trustees' Responsibilities**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;



## AAPG-Europe

### Report of the Trustees for the Year ended June 30, 2016

- state whether applicable UK Accounting Standards including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

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

#### 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 September 23, 2016 and signed on its behalf by:



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

## **AAPG-Europe**

### **Independent auditor's report to the members and trustees of AAPG-Europe for the year ended June 30, 2016**

We have audited the group and parent company financial statements of AAPG-Europe for the year ended 30 June 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and parent company Balance Sheets, the group Consolidated Statement of Cash Flows and the related notes. 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 Ireland'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006; and to the charity's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and in respect of the consolidated financial statements, in accordance with Chapter 3, Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body for our audit work, for this report, or for the opinion we have formed.

#### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 7-8 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.

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, the Companies Act 2006 and section 151 of the Charities Act 2011 and report to you in accordance with regulations made under those Acts. 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 (APB'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 group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; 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:

## AAPG-Europe

### Independent auditor's report to the members and trustees of AAPG-Europe for the year ended June 30, 2016

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2016 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), regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- the parent charitable company has not kept proper, 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.



Sandra De Lord, Senior Statutory Auditor  
For and on behalf of Kingston Smith LLP  
Statutory Auditor

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD  
Date: 23.01.17

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

**AAPG-Europe****Consolidated Statement of Financial Activities for the Year Ended June 30, 2016**

	Notes	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
<b>Income from:</b>					
Other trading activities - subsidiary	2	431,501	-	431,501	454,282
Charitable activities:					
Educational activities	3	89,633	-	89,633	133,886
Investment income		17	-	17	31
<b>Total Income:</b>		521,151	-	521,151	588,199
<b>Expenditure on:</b>					
Other trading activities - subsidiary	2	363,604	-	363,604	383,458
Charitable activities					
Cost of educational provision	4	230,213	-	230,213	261,866
<b>Total Expenditure:</b>		593,817	-	593,817	645,324
<b>Net expenditure:</b>		(72,666)	-	(72,666)	(57,125)
<b>Reconciliation of Funds:</b>					
Total Funds Brought Forward:		82,235	-	82,235	139,360
<b>Total Funds Carried Forward:</b>		9,569	-	9,569	82,235

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 deficit for the year, included in the above statement of financial activities was £72,666 (2015 - £57,215).

All income and expenditure in 2015 was unrestricted.


**AAPG-Europe**  
**Consolidated Balance Sheet**  
**As at June 30, 2016**

	Notes	Group		Charity	
		2016 £	2015 £	2016 £	2015 £
<b>Fixed Assets</b>					
Tangible assets	8	10,686	13,605	10,686	13,605
Investments	9	-	-	1	1
<b>Current Assets</b>					
Debtors	10	130,513	171,967	208,134	227,339
Cash at Bank and in Hand		304,848	370,950	5,677	78,581
		435,361	542,917	213,811	305,920
<b>Creditors: Amounts falling due within one year</b>	11	(436,478)	(474,287)	(214,929)	(237,291)
<b>Net current (liabilities)/assets</b>		(1,117)	68,630	(1,118)	68,629
<b>Net Assets</b>		9,569	82,235	9,569	82,235
<b>The funds of the group/charity:</b>					
Unrestricted income funds	13	9,569	82,235	9,569	82,235

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 September 23, 2016

And signed on its behalf by:

  
 Trustee  
 Mr. D. E. Lange  
 Company number: 6540163

**AAPG-Europe**  
**Consolidated Statement of Cash Flows for the Year Ended**  
**June 30, 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Net expenditure for the reporting period	(72,666)	(57,125)
Depreciation charges	2,919	1,407
Investment income	(17)	(31)
Decrease/(increase) in debtors	41,454	(62,711)
(Decrease)/increase in current liabilities	(37,809)	116,246
<b>Net cash used in operating activities</b>	<u>(66,119)</u>	<u>(2,214)</u>
 <b>Cash flows from investing activities</b>		
Investment income	17	31
Purchase of fixed assets	-	(14,600)
<b>Net cash provided by/(used in) investing activities</b>	<u>17</u>	<u>(14,569)</u>
 Change in cash and cash equivalents in the reporting period	(66,102)	(16,783)
Cash and cash equivalents at beginning of reporting period	<u>370,950</u>	<u>387,733</u>
 Cash and cash equivalents at the end of reporting period	<u>304,848</u>	<u>370,950</u>

# **AAPG-Europe**

## **Notes Forming Part of the Financial Statements for the Year Ended June 30, 2016**

### **1. Accounting Policies**

#### **Charity information**

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

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

#### **a) Basis of Accounting**

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

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

The charity has adopted FRS 102 for the first time when preparing these financial statements. The transition date to FRS 102 was 1 July 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 June 2015. An explanation and reconciliation of how the transition to FRS 102 has affected the reported financial position and financial performance is provided in note 17.

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.

## **AAPG-Europe**

### **Notes Forming Part of the Financial Statements for the Year Ended June 30, 2016 (continued)**

#### **b) Going Concern**

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on events.

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. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

#### **c) Critical Accounting Estimates and Areas of Judgement**

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognized in the financial statements. The following judgements and estimates are considered by the trustees to have most significant effect on amounts recognized in the financial statements. The most significant estimates and assumptions which affect the carrying amount of assets and liabilities in the accounts relate to:

- The annual depreciation charge for tangible fixed assets is sensitive to change in the estimated useful economic lives and residual value of assets. These are reassessed annually and amended where necessary to reflect current circumstances and to take account of any impairment in value

#### **d) Fund Accounting**

##### Purposes of Unrestricted Funds

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

##### Purposes of Restricted Funds

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

##### Purposes of Designated Funds

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



## **AAPG-Europe**

### **Notes Forming Part of the Financial Statements for the Year Ended June 30, 2016 (continued)**

#### **e) Incoming Resources**

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

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

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

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

- Other trading expenditure comprises the costs of trading for fundraising purposes.
- Charitable 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.

**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2016 (continued)**

**h) Fixed asset investments**

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

**i) Taxation**

As a charity, AAPG-Europe is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

**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.

## AAPG-Europe

### Notes Forming Part of the Financial Statements for the Year Ended June 30, 2016 (continued)

#### 2. Trading subsidiary

The charity owns the entire issued share capital of AAPG – Europe Trading Limited, a company registered in England and Wales (Company Registration No. 07019444). 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:

	2016 Total £	2015 Total £
Turnover	431,501	454,282
Cost of sales	<u>(224,976)</u>	<u>(224,655)</u>
Gross profit	206,525	229,627
Administration costs	(138,628)	(158,803)
Other interest receivable	16	30
Gift aid payment to AAPG-Europe	<u>(67,913)</u>	<u>(70,854)</u>
Profit on ordinary activities for the year	-	-
Taxation	-	-
Retained profit brought forward	<u>-</u>	<u>-</u>
Retained profit carried forward	<u>-</u>	<u>-</u>
The assets, liabilities and funds of the subsidiary were:		
Assets	352,245	373,928
Liabilities	<u>(352,244)</u>	<u>(373,927)</u>
Capital and reserves	<u>1</u>	<u>1</u>

**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2016 (continued)**

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

	Unrestricted	Restricted	2016 Total	2015 Total
	£	£	£	£
Regional Conference	78,514	-	78,514	97,098
Educational Activities	11,119	-	11,119	36,788
	<u>89,633</u>	<u>-</u>	<u>89,633</u>	<u>133,886</u>

40% (2015: 20%) of the group's total income was attributable to markets outside the United Kingdom.

**4. Charitable activities**

	Unrestricted	Restricted	2016 Total	2015 Total
	£	£	£	£
Charitable activities -				
PetroLunch costs	-	-	-	1,048
Short course costs	5,547	-	5,547	19,355
Regional conference costs	58,483	-	58,483	47,917
Imperial Barrel Award Support	5,410	-	5,410	7,261
Support costs	160,773	-	160,773	186,285
	<u>230,213</u>	<u>-</u>	<u>230,213</u>	<u>261,866</u>

**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2016 (continued)**

**5. Support costs**

	Unrestricted	Restricted	2016 Total	2015 Total
	£	£	£	£
Salaries and wages	97,020	-	97,020	92,741
Rent, service charge and rates	24,419	-	24,419	33,291
Office supplies	1,430	-	1,430	6,573
Repairs and maintenance	6,874	-	6,874	10,258
Telephone	4,477	-	4,477	9,168
Travel	1,688	-	1,688	4,707
Advertising	-	-	-	179
Bank charges and foreign exchange loss	2,744	-	2,744	11,493
Depreciation	2,919	-	2,919	1,406
Governance costs	19,202	-	19,202	16,469
	<u>160,773</u>	<u>-</u>	<u>160,773</u>	<u>186,285</u>

**6. Governance costs**

	Unrestricted	Restricted	2016 Total	2015 Total
	£	£	£	£
Legal fees	7,715	-	7,715	4,213
Audit fees				
-in respect of current year	6,075	-	6,075	5,900
-in respect of prior years	1,432	-	1,432	1,207
Auditors – other services	3,980	-	3,980	5,149
	<u>19,202</u>	<u>-</u>	<u>19,202</u>	<u>16,469</u>

**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2016 (continued)**

**7. Staff Costs and Numbers**

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Salaries	160,660	157,780
Social security costs	14,693	15,360
	<u>175,353</u>	<u>173,140</u>
Average staff numbers in the year were:	<u>4</u>	<u>4</u>

The number of employees whose emoluments fell within the band £70,000 - £80,000 was 1 (2015 – 1). No other employees earned in excess of £60,000 in the current or prior year. Pension contributions in respect of this employee were £nil (2015: £nil).

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

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

**Remuneration of key management personnel**

The remuneration of key management personnel, which comprise the trustees and the Director of the charity, is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	<u>71,470</u>	<u>71,583</u>

**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2016 (continued)**

**8. Tangible Fixed Assets: Group and Charity**

	Fixtures and fittings £
At June 30 2015	17,104
Additions	-
Disposals	-
At June 30 2016	<u>17,104</u>
<b>Depreciation</b>	
At June 30 2015	3,499
Eliminated on disposal	-
Charge for the year	<u>2,919</u>
At June 30 2016	<u>6,418</u>
<b>Net book value</b>	
At June 30 2015	<u>13,605</u>
At June 30 2016	<u>10,686</u>

**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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	32,158	55,380	16,582	30,734
Amount due from subsidiary	-	-	130,695	136,931
Recoverable VAT	15,357	11,465	15,357	11,465
Other debtors	38,072	38,072	29,698	29,698
Prepayments	44,926	67,050	15,802	18,511
	<u>130,513</u>	<u>171,967</u>	<u>208,134</u>	<u>227,339</u>

Included in the above group and charity debtors are financial assets of £70,230 (2015: £93,452) and £176,975 (2015: £197,363) respectively, valued at amortized cost.

## AAPG-Europe

### Notes Forming Part of the Financial Statements for the Year Ended June 30, 2016 (continued)

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

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Trade creditors	42,000	33,291	-	2,283
Taxation and social security	43,012	53,555	1,247	18,031
Accruals and deferred income (note 12)	18,749	44,955	13,177	17,453
Due to American Association of Petroleum Geologists	332,717	342,486	200,505	199,524
	<u>436,478</u>	<u>474,287</u>	<u>214,929</u>	<u>237,291</u>

Included in the above group and charity creditors are financial liabilities of £393,466 (2015: £399,545) and £213,682 (2015: £219,260) respectively, valued at amortized cost.

AAPG-Europe has one loan outstanding, which is to the American Association of Petroleum Geologists, who has provided working capital to AAPG-Europe. The loan to AAPG-Europe does not have a specific due date, which is anticipated to be settled as the charity and the trading company develop established revenue streams. The American Association of Petroleum Geologists has committed to provide continuing financial support for at least one year from the date of the audit report.

#### 12. Creditors: Movement in Deferred Income

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Accruals	18,749	23,768	13,177	17,453
Deferred income (see below)	-	21,187	-	-
	<u>18,749</u>	<u>44,955</u>	<u>13,177</u>	<u>17,453</u>

Group	At July 1, 2015 £	Net movement in the year £	At June 30, 2016 £
3P Arctic event	15,358	(15,358)	-
APPEX event	5,829	(5,829)	-
	<u>21,187</u>	<u>(21,187)</u>	<u>-</u>



**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2016 (continued)**

**13. Unrestricted funds**

	July 1 2015 £	Incoming Resources £	Resources Expended £	June 30 2016 £
Group General fund	82,235	521,151	(593,817)	9,569
Charity General fund	82,235	157,547	(230,213)	9,569
Funds retained in subsidiary				-

**14. Trustee Remuneration and Related Party Transactions**

There were no travel costs or other expenses reimbursed to any member of the management committee.

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year.

**15. Operating Lease Commitments**

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

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Within one year	49,496	49,496	49,496	49,496
Between two and five years	113,773	163,269	113,773	163,269
In over five years	-	-	-	-
	<u>163,269</u>	<u>212,765</u>	<u>163,269</u>	<u>212,765</u>

Lease payments recognized as an expense during the year is £57,798 (2015: £54,476).

# AAPG-Europe

## Notes Forming Part of the Financial Statements for the Year Ended June 30, 2016 (continued)

### 16. Control

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

### 17. Transition to FRS 102

This is the first year that the charity has prepared its financial statements under FRS 102. The last financial statements prepared under previous UK GAAP were for the year ended June 30, 2015 and the date of transition to FRS 102 was July 1, 2014. A reconciliation of amounts presented under previous UK GAAP and FRS 102 is set out below for the charity's total funds at July 1, 2014 and June 30, 2015 together with an explanation of changes in accounting policies on transition.

Reconciliation of total funds	July 1, 2014 £	June 30, 2015 £
Total funds as reported under previous UK GAAP	142,360	85,235
Holiday pay accrual (i)	(3,000)	(3,000)
Total funds restated under FRS 102	<u>139,360</u>	<u>82,235</u>

#### Notes to reconciliation

(i) FRS 102 requires short term employee benefits to be charged to the income and expenditure account as the employee service is received. This has resulted in the Charity recognizing a liability for holiday pay of £3,000 on transition to FRS 102. Previously holiday pay accruals were not recognized and were charged to expenditure as they were paid. The liability at June 30, 2014 was £3,000, therefore there was no movement recognized in the income and expenditure account in the year to June 30, 2015.

**AAPG-Europe**  
**Notes Forming Part of the Financial Statements for the Year Ended**  
**June 30, 2016 (continued)**

**Other Adjustments arising on transition to FRS 102**

The following adjustments have also been made in order to comply with the FRS 102 which have had no effect on total funds or the statement of financial activities but which have affected the presentation of certain items in the statement of financial activities and the balance sheet. These are:

- i) Governance costs are no longer presented as a separate category of expenditure in the Statement of Financial Activities as they are now regarded as part of support costs which are allocated to charitable activities undertaken by the Charity.
- ii) The loan to AAPG does not have a specific due date and is anticipated to be settled as the charity and its trading subsidiary develop established revenue streams. Therefore the loan has been reclassified within creditors falling due within one year on transition to FRS 102.