
**CLIMATE IMPACT PARTNERS EUROPE LIMITED (FORMERLY NATURAL CAPITAL
PARTNERS EUROPE LIMITED)**

ANNUAL REPORT

FOR THE 15-MONTH PERIOD ENDED 31 MARCH 2022

CLIMATE IMPACT PARTNERS EUROPE LIMITED

COMPANY INFORMATION

Directors	E Bennett E Doyle C Patton
Registered number	02979872
Registered office	112 Magdalen Road Oxford OX4 1RQ
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditors 45 Gresham Street London EC2V 7BG
Bankers	National Westminster Bank Plc Paddington Branch PO Box 2795 26 Spring Street London W2 1WE

CLIMATE IMPACT PARTNERS EUROPE LIMITED

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CLIMATE IMPACT PARTNERS EUROPE LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2022

Introduction

The directors present the Strategic Report for the period ended 31 March 2022.

Principal activity

Climate Impact Partners Europe Limited works to harness the power of business to create a more sustainable world. We are a social enterprise that focuses equally on purpose and profit, built on the belief that sustainability can be financially sustainable as well.

We work with a large number of clients across the world to meet their emission reduction goals and deliver positive impact on the environment, communities and sustainable infrastructure. Through monitored and third party verified projects, our clients can ensure their programs deliver results, protect and enhance their reputations, and enable them to take Environmental, Social and Governance (ESG) leadership. With more than twenty years of experience, we have developed a comprehensive knowledge of sourcing high-quality environmental instruments to meet our clients' rapidly changing requirements.

From renewable energy to carbon emissions measurement and offsetting, to water stewardship, reforestation, building supply chain resilience and protecting biodiversity, we deliver a set of solutions that make real change possible through the vast resources that business can provide.

Business review

The business enjoyed a record period, with sales of £40,729,553, operating profit of £11,142,321 and cash at bank of £10,877,653.

On 28 April 2021 Natural Capital Partners Incorporated together with its subsidiaries: Climate Impact Partners Europe Limited and Climate Impact Partners LLC (formerly known as Natural Capital Partners Americas LLC) were acquired by Capri US Bidco Inc, whose ultimate holding company is ClimateCare Holdings Limited.

Full details on the transaction can be found in the ClimateCare Midco Limited's audited financial statements year ending 31 March 2022.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

Principal risks and uncertainties

Climate Impact Partners Europe Limited has exposure to a variety of financial risks. But it does not have any third-party debt and hence limited interest rate risk.

Credit risk

Climate Impact Partners Europe Limited has implemented policies that require appropriate credit checks on potential customers before sales are made. Most invoicing is done in advance of procuring relevant instruments, minimizing the risk of bad debt.

Liquidity risk

Climate Impact Partners Europe Limited normally receives cash from client first, before procuring relevant instruments or delivering services. This significantly minimizes liquidity risk.

Currency risk

Climate Impact Partners Europe Limited has a natural hedging approach, by attempting to match the currency which it invoices the client with the same currency in which it has to pay the supplier. The Company mainly operates in GBP, USD and EUR and has revenues and expenses in all three currencies. Management is of the opinion that actual foreign exchange profits/losses are not material to the business at the moment, but regularly assesses the economic environment and will consider alternative methods of hedging when required.

Regulatory risk

Climate Impact Partners Europe Limited is not currently aware of any adverse regulatory rules, however a change in regulatory environment may call for additional development efforts and resources that may not have been considered in the original operating and cash requirement models.

Economic risk

Climate Impact Partners Europe Limited may be affected by changes in the economy generally, including any resulting effect on consumer and corporate spending. Our services are discretionary purchases, and our clients may reduce their discretionary spending on our services during an economic downturn. Although we have not yet experienced a material reduction in renewals, we may experience such a reduction in the future, especially in the event of a prolonged recessionary period. As a result, our business, financial condition, and operating results may be significantly affected by changes in the economy generally.

This report was approved by the board and signed on its behalf.

E Doyle
Director

Date: 14 December 2022

CLIMATE IMPACT PARTNERS EUROPE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2022

The directors present their report and the financial statements for the period ended 31 March 2022.

Results and dividends

The profit for the period, after taxation, amounted to £8,934,637 (*year ended 31 December 2020 - £2,094,060*).

No dividends were paid or proposed during the period (*year ended 31 December 2020 - £Nil*).

Directors

The directors who served during the period were:

E Bennett (appointed 28 April 2021)
E Doyle (appointed 28 April 2021)
C Patton (appointed 28 April 2021)
S Killeen (resigned 28 April 2021)
J May (resigned 28 April 2021)

Future developments

There are no plans to change the nature of the Company's activities in the foreseeable future.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the period end.

Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....
E Doyle
Director

Date: 14 December 2022

CLIMATE IMPACT PARTNERS EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 MARCH 2022

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent; and

- 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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLIMATE IMPACT PARTNERS EUROPE LIMITED

Opinion

We have audited the financial statements of Climate Impact Partners Europe Limited (the 'Company') for the period ended 31 March 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLIMATE IMPACT PARTNERS EUROPE LIMITED
(CONTINUED)

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the 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.

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 or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLIMATE IMPACT PARTNERS EUROPE LIMITED
(CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with requirements of the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change.

- Requiring all employees to read and follow the compliance policies and procedures of the business.

- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Company:

- Companies Act 2006, in respect of preparation and presentation of the financial statements; and

- FRS 102, in respect of preparation and presentation of the financial statements;

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries of management and those charged with governance as to the risks of non-compliance and any instance thereof;

- Obtained written management representations regarding disclosure of any non-compliance with laws and regulations; and

- Review of minutes of meeting of those charged with governance.

The senior statutory auditor led a discussion with all members of the engagement team regarding the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLIMATE IMPACT PARTNERS EUROPE LIMITED
(CONTINUED)

The procedures carried out to gain evidence in the above areas included:

- Testing journal entries, selected based on specific risk assessments applied based on client processes and controls surrounding manual journals;
- Testing the occurrence of revenue, specifically around the balance sheet date by considering the year end accrued and deferred income balances; and
- Evaluation of the design effectiveness of management's controls designed to prevent and detect irregularities.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Peter Key (Senior Statutory Auditor)

for and on behalf of
CLA Evelyn Partners Limited

Chartered Accountants
Statutory Auditors

45 Gresham Street
London
EC2V 7BG

Date: 15 December 2022

CLIMATE IMPACT PARTNERS EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE 15-MONTH PERIOD ENDED 31 MARCH 2022

	Note	15-month period ended 31 March 2022 £	31 December 2020 £
Turnover	4	40,729,553	13,356,174
Cost of sales		(23,731,444)	(9,274,011)
Gross profit		16,998,109	4,082,163
Administrative expenses		(5,855,788)	(2,416,639)
Operating profit	5	11,142,321	1,665,524
Interest receivable and similar income	8	486	83,701
Interest payable and similar expenses	9	(41,083)	(10,759)
Profit before tax		11,101,724	1,738,466
Tax on profit	10	(2,167,087)	355,594
Profit for the financial period/year		8,934,637	2,094,060

There was no other comprehensive income for the 15-month period ended 31 March 2022 (*year ended 31 December 2020 - £Nil*).

The notes on pages 12 to 29 form part of these financial statements.

CLIMATE IMPACT PARTNERS EUROPE LIMITED
REGISTERED NUMBER:02979872

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	31 March 2022 £	31 December 2020 £
Fixed assets			
Intangible assets	12	14,077	40,244
Tangible assets	13	6,819	8,170
		<u>20,896</u>	<u>48,414</u>
Current assets			
Stocks	14	8,182,461	576,339
Debtors: amounts falling due within one year	15	5,220,844	3,354,055
Cash at bank and in hand		10,877,653	6,190,633
		<u>24,280,958</u>	<u>10,121,027</u>
Creditors: amounts falling due within one year	16	(13,091,502)	(7,893,726)
Net current assets		<u>11,189,456</u>	<u>2,227,301</u>
Total assets less current liabilities		<u>11,210,352</u>	<u>2,275,715</u>
Creditors: amounts falling due after more than one year	17	(112,873)	(112,873)
Net assets		<u><u>11,097,479</u></u>	<u><u>2,162,842</u></u>
Capital and reserves			
Called up share capital	19	682	682
Share premium account	20	5,418,575	5,418,575
Other reserves	20	-	344,412
Profit and loss account	20	5,678,222	(3,600,827)
Shareholders' funds		<u><u>11,097,479</u></u>	<u><u>2,162,842</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

E Doyle
Director

Date: 14 December 2022

The notes on pages 12 to 29 form part of these financial statements.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2022

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2020	682	5,418,575	340,040	(5,694,887)	64,410
Comprehensive income for the year					
Profit for the year	-	-	-	2,094,060	2,094,060
Contributions by and distributions to owners					
Capital contribution relating to share-based payments	-	-	4,372	-	4,372
At 31 December 2020	682	5,418,575	344,412	(3,600,827)	2,162,842
Comprehensive income for the period					
Profit for the period	-	-	-	8,934,637	8,934,637
Contributions by and distributions to owners					
Transfer to retained earnings of cancelled group share-based payment plan	-	-	(344,412)	344,412	-
At 31 March 2022	682	5,418,575	-	5,678,222	11,097,479

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

1. General information

Climate Impact Partners Europe Limited is a private limited company, limited by shares, domiciled and incorporated in England and Wales (registered number: 02979872). The address of the registered office is 112 Magdalen Road, Oxford, OX4 1RQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

the requirements of Section 7 Statement of Cash Flows; and

the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of ClimateCare Midco Limited as at 31 December 2021 and these financial statements may be obtained from 112 Magdalen Road, Oxford, OX4 1RQ.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.3 Going concern

The Company is a member of the ClimateCare Holdings Limited group of companies and is party to the group's banking facilities which provide ongoing financial support. Because of the interlinked nature of the arrangements with its ultimate parent and the other companies in the group, in order to assess the going concern assumption of this company, detailed consideration has been undertaken at a group level. Having considered the long term repayment terms along with group forecasts and current performance, the directors are confident that the group can operate within the requirements of its banking facilities for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

In assessing the Company's going concern the directors have also considered and modelled detailed profit and loss and cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements. In making the assessment the directors have considered the ongoing geopolitical situation and the ongoing economic uncertainty this is causing. The directors have taken this into account in their assessment of going concern and the forecasting of future sales, profitability, and cashflow.

The directors are confident that the group and the Company holds sufficient cash reserves to meet its liabilities as they fall due for at least 12 months from approval of these financial statements, and therefore these financial statements have been prepared on a going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.5 Turnover

Turnover is split into five categories and is accounted for as follows:

a) Ex post carbon

These projects only recognise the turnover where the carbon has already been sequestered, not in the future (ex ante).

Turnover is recognised on the latter of (i) signing of the client's sale agreement and (ii) delivery or verification of the underlying emission reductions.

b) Renewable Energy Instruments

Guarantee of Origin means an EECS Certificate issued as an EECS GO under the Electricity Scheme of the EECS Rules in the applicable country of production, and which has the meaning given to "Guarantee of Origin" under Article 2 and Article 15 of the EU Directive 2009/28/EC of the European Parliament on the promotion of electricity produced from renewable energy sources in the internal electricity market.

Renewable Energy Certificate means a certificate, credit, allowance, green tag, or other transferable indicia, howsoever entitled, created by, or in accordance with, an Applicable Standard indicating generation of a particular quantity of energy, or product associated with the generation of a specified quantity of energy from a Renewable Energy Project. A REC is distinct from the actual energy produced and may be separately transferred or conveyed.

I-REC means a renewable energy instrument, certified by the I-REC Standard, indicating generation of electricity from an Eligible Renewable Resource.

PowerPlus™ Instrument means evidence of the generation of one (1) megawatt-hour ("MWh") of energy resulting from an Eligible Renewable Resource, demonstrated by the retirement/cancellation (as applicable) of Emissions Reductions, in accordance with the rules and procedures of the corresponding Applicable Standard(s).

Turnover is recognised on the latter of (i) signing of the client's sale agreement and (ii) delivery or the cancellation, attestation or retirement of the underlying instrument.

c) Forest Creation

Forest Creation involves the creation of forests within the UK, the Netherlands and the USA in accordance with the Woodland Carbon Code. The Company also provides additional services in the form of advice, content and various marketing related service, over the term of the agreement.

Turnover is recognised over the period for which the group is obligated to perform these services, usually twelve to twenty-four months.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.5 Turnover (continued)

d) Assessments and consulting

Assessment services are provided to ensure businesses are correctly reporting and measuring their carbon emissions. Turnover is recognised when the service is provided. For annual assessments this is deemed to have occurred over a twelve-month period.

Consulting services are provided to help businesses evaluate the benefits of offset inclusive carbon management strategies which will deliver reductions in carbon emissions.

This turnover is recognised on a straight-line basis across the period the service is provided.

e) Program Management

Program Management services are provided in relation to “Catalyst” transactions. Catalyst transactions involve a client providing funding towards developing a project and typically receiving carbon instruments from the project in the future. Climate Impact Partners Europe Limited provides client and project management services as well as marketing support for the duration of the contract. Turnover relating to program management fees is recognised over the period of the transaction in a straight-line. Turnover relating to the ‘Catalyst’ element is recognised based on when the initiative and/or carbon instruments are deemed to have been delivered.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows.

Depreciation is provided on the following basis:

Computer equipment	- 33% on cost
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following basis:

Website	- 20% on cost
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2.9 Stocks

Stocks consist of:

Carbon credits - a tradable monetary security which is equal to one tonne of a greenhouse gas, such as carbon dioxide; and
Renewable energy instruments - a tradable monetary security which represents one unit of renewable electricity that has been produced, usually one megawatt per hour. The unit is separate from the underlying electricity.

Stock is stated at the lower of cost and net realisable value. Provision is made where necessary for slow moving stock.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.11 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.12 Share-based remuneration

A number of the Company's employees participate in the Group's equity incentive plan. The fair value of the share based payments are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become entitled to the benefit of the share based payment. The charge is calculated by the Group and a reasonable apportionment is then allocated to the Company based on the proportion of benefit allocated to the Companies' employees.

2.13 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

There are no key judgements or sources of estimation uncertainty that require disclosure.

4. Turnover

Analysis of turnover by country of destination:

	15-month period ended 31 March 2022 £	<i>31 December 2020 £</i>
United Kingdom	21,573,902	6,763,233
Rest of Europe	12,991,291	4,177,071
Rest of the world	6,164,360	2,415,870
	<u><u>40,729,553</u></u>	<u><u>13,356,174</u></u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	15-month period ended 31 March 2022 £	<i>31 December 2020 £</i>
Exchange differences	<u><u>158,536</u></u>	<u><u>(16,503)</u></u>

CLIMATE IMPACT PARTNERS EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022**

6. Auditor's remuneration

	15-month period ended 31 March 2022 £	<i>31 December 2020 £</i>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>23,250</u>	<u><i>16,995</i></u>

7. Employees

Staff costs were as follows:

	15-month period ended 31 March 2022 £	<i>31 December 2020 £</i>
Wages and salaries	3,120,033	<i>1,711,254</i>
Social security costs	343,154	<i>219,714</i>
Cost of defined contribution scheme	30,815	<i>22,558</i>
	<u>3,494,002</u>	<u><i>1,953,526</i></u>

The average monthly number of employees during the period was as follows:

	15-month period ended 31 March 2022 No.	<i>31 December 2020 No.</i>
Sales and admin staff	<u>14</u>	<u><i>12</i></u>

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

8. Interest receivable

	15-month period ended 31 March 2022 £	31 December 2020 £
Group interest receivable	-	82,719
Other interest receivable	486	982
	<u>486</u>	<u>83,701</u>

9. Interest payable and similar expenses

	15-month period ended 31 March 2022 £	31 December 2020 £
Bank interest payable	2,880	10,759
Group interest payable	38,203	-
	<u>41,083</u>	<u>10,759</u>

CLIMATE IMPACT PARTNERS EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022**

10. Taxation

	15-month period ended 31 March 2022 £	<i>31 December 2020 £</i>
Corporation tax		
Current tax on profits for the year	<u>1,715,751</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	604,037	<i>(355,594)</i>
Effect of tax rate change on opening balance	(152,701)	-
Total deferred tax	<u>451,336</u>	<u><i>(355,594)</i></u>
Taxation on profit on ordinary activities	<u>2,167,087</u>	<u><i>(355,594)</i></u>

CLIMATE IMPACT PARTNERS EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022**

10. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	15-month period ended 31 March 2022 £	<i>31 December 2020 £</i>
Profit on ordinary activities before tax	<u>11,101,724</u>	<u><i>1,738,466</i></u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	2,109,328	<i>330,309</i>
Effects of:		
Expenses not deductible for tax purposes	65,710	<i>2,337</i>
Adjust deferred tax to average rate	(7,732)	<i>(85,599)</i>
Deferred tax recognised	-	<i>(603,339)</i>
Adjustment in respect of prior period	-	<i>698</i>
Fixed asset differences	(219)	<i>-</i>
Total tax charge/(credit) for the period/year	<u>2,167,087</u>	<u><i>(355,594)</i></u>

Factors that may affect future tax charges

The Company has approximately £57,080 (31 December 2020 - £2,464,305) of tax losses available for offset against future profits. A deferred tax asset of £30,710 (31 December 2020 - £482,046) has been recognised in respect of these losses.

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022**

11. Share-based payments

During the year certain employees participated in a share option scheme.

A reconciliation of option movements for the 15-month period to 31 March 2022 is shown below:

	Weighted average exercise price 2022	Number 2022	<i>Weighted average exercise price 2020</i>	<i>Number 2020</i>
Outstanding at the beginning of the period/year	38.05	14,521	37.86	14,321
Granted during the period/year	-	-	52	200
Cancelled during the period/year	(38.05)	(14,521)	-	-
Outstanding at the end of the period/year	-	-	38.05	14,521
	-	-	38.05	12,421
Exercisable end of period/year				

EMI Option scheme

The options are granted with an exercise price equal to market price of the shares under option at the date of grant. The contractual life of an option is 10 years.

The options vest and are exercisable as to 25% of the original number of shares on the first anniversary of the date of grant and exercisable as to an additional 2.083% of the original number of shares at the end of each successive monthly period following until the fourth anniversary of the grant date, at which time all the share shall be vested and exercisable.

These options were all cancelled during the period resulting in a charge of £Nil (2020 - £4,372) representing the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

Other equity incentive schemes

During the year 18,500 B shares in ClimateCare Holdings Limited were issued to employees of the Company with an exercise price of £1.00, vesting in quarterly increments over a period of 4 years from date of grant. The charge is calculated by the Group and allocated to the Company using a reasonable apportionment, as a result no share-based payment charge has been recognised in the current period.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

12. Intangible assets

	Website £
Cost	
At 1 January 2021	158,115
Disposals	(128,411)
At 31 March 2022	<u>29,704</u>
Amortisation	
At 1 January 2021	117,871
Charge for period	19,488
On disposals	(121,732)
At 31 March 2022	<u>15,627</u>
Net book value	
At 31 March 2022	<u><u>14,077</u></u>
<i>At 31 December 2020</i>	<u><u>40,244</u></u>

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

13. Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2021	24,819
Disposals	(11,783)
At 31 March 2022	<u>13,036</u>
Depreciation	
At 1 January 2021	16,649
Charge for period	5,606
Disposals	(16,038)
At 31 March 2022	<u>6,217</u>
Net book value	
At 31 March 2022	<u><u>6,819</u></u>
<i>At 31 December 2020</i>	<u><u>8,170</u></u>

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

14. Stocks

	31 March 2022 £	31 December 2020 £
Carbon credits	8,098,166	563,321
Renewable energy instruments	84,295	13,018
	<u>8,182,461</u>	<u>576,339</u>

15. Debtors

	31 March 2022 £	31 December 2020 £
Trade debtors	2,845,799	2,281,926
Amounts owed by group undertakings	1,604,919	82,719
Prepayments and accrued income	739,416	507,364
Deferred taxation	30,710	482,046
	<u>5,220,844</u>	<u>3,354,055</u>

The amounts receivable by group undertakings are unsecured and repayable on demand. Amounts due from Climate Impact Partners LLC (formerly Natural Capital Partners Americas LLC) bear interest at 7.5% (2020 - 7.5%). Amounts due from CC Oxford Limited bear no interest.

16. Creditors: Amounts falling due within one year

	31 March 2022 £	31 December 2020 £
Trade creditors	2,108,224	460,935
Amounts owed to group undertakings	-	911,044
Corporation tax	569,778	-
Other taxation and social security	61,709	108,834
Other creditors	5,160	-
Accruals and deferred income	10,346,631	6,412,913
	<u>13,091,502</u>	<u>7,893,726</u>

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

17. Creditors: Amounts falling due after more than one year

	31 March 2022 £	31 December 2020 £
Other creditors	<u>112,873</u>	<u>112,873</u>

18. Deferred taxation

	2022 £	2020 £
At beginning of year	482,046	126,452
Charged to profit or loss	(451,336)	355,594
At end of year	<u>30,710</u>	<u>482,046</u>

The deferred tax asset is made up as follows:

	31 March 2022 £	31 December 2020 £
Accelerated capital allowances	17,946	15,334
Tax losses carried forward	12,764	466,712
	<u>30,710</u>	<u>482,046</u>

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

19. Share capital

	31 March 2022 £	31 December 2020 £
Allotted, called up and fully paid		
68,200 Ordinary shares of £0.01 each	<u>682</u>	<u>682</u>

All ordinary shares have attached to them full voting, dividend and capital distribution (including winding up) rights. They do not confer any rights of redemption.

20. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Other reserves

This reserve relates to the capital contribution from the parent in respect of share based payments.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

21. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

22. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £30,815 (year ended 31 December 2020 - £22,558). Contributions totalling £5,160 (31 December 2020 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

CLIMATE IMPACT PARTNERS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

23. Financial commitments and contingent liabilities

At 31 March, the Company had commitments to make the following payments to its carbon offset partners:

	31 March 2022	<i>31 December 2020</i>
	£	<i>£</i>
Not later than 1 year	<u>10,439,855</u>	<i><u>6,181,497</u></i>

Climate Impact Partners Europe Limited is the main contracting party with suppliers on behalf of companies within the group. Commitments in relation to its own customers will be financed by deferred income, whilst commitments in respect of the group will be recharged to fellow group entities at arm's length.

24. Other financial commitments

The Company is party to a group cross-guarantee. This provides security on group bank facilities with aggregate GBP and USD amounts totalling £45,466,672 and \$20,000,000.

25. Controlling party

The immediate parent undertaking is Natural Capital Partners Incorporated, a company registered in the United States of America.

The ultimate parent undertaking is ClimateCare Holdings, a company registered in Jersey.

The smallest group of undertakings for which group accounts for the period ended 31 March 2022 have been drawn up, is that headed by Natural Capital Partners Incorporated.

The largest group of undertakings for which group accounts for the period ended 31 March 2022 have been drawn up, is that headed by ClimateCare Mideco Limited.

In the opinion of the directors, there is no one ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.