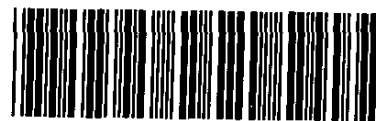


Company Registration No. 12880374 (England and Wales)

**CLIMATECARE MIDCO LIMITED**  
**REPORT AND CONSOLIDATED FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2023**

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## **CLIMATECARE MIDCO LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	S Hickok S Teo
<b>Company number</b>	12880374
<b>Registered office</b>	112 Magdalen Road Oxford United Kingdom OX4 1RQ
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

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## **CLIMATECARE MIDCO LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31 MARCH 2023**

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The directors present the strategic report for the year ended 31 March 2023.

##### **Review of the business and key performance indicators**

ClimateCare Midco Limited helped create the voluntary carbon market and pioneered carbon finance for community development projects. It continues to develop award-winning carbon reduction projects and delivers some of the largest voluntary carbon offsetting programmes in the world. It is considered a leading profit-with-purpose business. ClimateCare Midco Limited works with leading corporates, NGO's and governments to solve complex climate and sustainability issues on their journey to Net Zero and beyond.

The group's performance and results were strong for the year ended 31 March 2023, with turnover of £118.5m (2022 - £84.6m), gross profit of £45.8m (2022 - £37.2m, as restated) and operating profit of £17.0m (2022 - £14.4m).

The increase in turnover reflected growth in strategic clients and increased demand in the sector. Gross profit margin fell to 40.0% (2022 - 46.9%, as restated), reflecting the impact of increased competition in the sector. Comparative gross margin was restated to reclassify commissions of £2.5m from administrative expenses to cost of sales on the grounds that this more fairly reflects the nature of the underlying costs.

Interest receivable and similar income of £2.4m (2022 - £4k) principally reflects foreign exchange gains on financing transactions. Interest payable of £7.1m (2022 - £3.5m) principally reflects the impact of the refinancing described below.

The group ended the year with net assets of £29.0m (2022 - £22.7m) including cash of £17.5m (2022 - £45.3m). The reduction in cash mainly reflects a refinancing during the year, in connection with which loans from the parent company were repaid and additional bank borrowings were drawn down. Total debtors increased from £20.9m to £72.1m, reflecting loans made to the parent company.

##### **Principal risks and uncertainties**

The principal risk and uncertainty could be any slowdown in the voluntary carbon market, however this possibility is considered to be remote as leading corporates, NGO's and governments are increasingly seeking to demonstrate climate action. The voluntary offset market is competitive, however the group holds a strong position in the voluntary offset market.

##### **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, and group support has been confirmed as available for a period of at least 12 months from the date of approval of these financial statements.

In assessing going concern the directors have considered and modelled detailed monthly 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 any relevant macroeconomic and geopolitical factors. 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 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.

## CLIMATECARE MIDCO LIMITED

### STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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#### **Section 172 statement**

ClimateCare Midco Limited delivers solutions for action on climate. We believe that carbon markets have a critical role to play in delivering action by putting a price on carbon and funding carbon reduction activities to meet our global climate goals. Together with the world's leading companies and quality project partners we will reduce 1 billion tonnes of CO2 by 2030 to transform the global economy, improve health and livelihoods and restore a thriving planet.

Section 172 of the Companies Act 2006 imposes a duty on a director to act in a way that he or she considers, in good faith, would be most likely to promote the long-term success of the company for the benefit of its members as a whole. This section 172 statement summarises our key stakeholders and how we have engaged with them.

**Clients:** We deliver the highest quality carbon financed projects, from which we create carbon credit and energy attribute certificate portfolios. This enables our clients to offset the emissions they can't reduce, put a price on carbon to incentivise change, and meet their ambitious climate goals.

- We work closely with clients to ensure all their communications are accurate and in line with best practice. Our role is to protect and enhance their reputation and give them the confidence to talk in a clear and inspiring way about their climate action.
- Through webinars, briefing papers and roundtable discussions, we keep our clients up to date with the latest industry and policy developments so that their programs can deliver the greatest impact.

**Project Partners:** We work with partners around the world to deliver the highest quality, high impact carbon removal and avoidance projects for our clients.

- We support existing projects with carbon credit generation, sales and marketing, and can also help scope, design, pilot and register new projects.
- Our Project Partner Charter sets out how we work with our partners to deliver impact together. We build long-term relationships and support our project partners through the hard times and the good.
- Onboarded project partners have access to our Project Partner Hub, where we publish insight and market updates. They also receive newsletters, alerts and invitations for exclusive events and relevant webinars.

**Employees:** We promote a highly collegiate, inclusive, "one team" working environment.

- We regularly bring together all our people at our monthly All Staff Meetings so our Management Team can keep everyone informed of our latest strategy, projects and business performance.
- Every quarter we undertake a Group-wide engagement survey so we can evaluate how our team are doing and measure our progress against our key engagement indicators.

The Board considers that, in its decisions and actions to date, it has acted in a way that would promote the success of the group and company for the benefit of its members as a whole, while having regard to stakeholders and matters set out in Section 172(1) (a–f) of the Companies Act 2006.

On behalf of the board



.....  
S Teo  
Director

Date: 03/08/23  
.....

## CLIMATECARE MIDCO LIMITED

### DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present their annual report and financial statements for the year ended 31 March 2023.

#### Principal activities

The principal activity of the group during the year continued to be the provision of carbon reduction services. The principal activity of the company during the year continued to be that of a holding company.

The group's subsidiary ClimateCare Bidco Limited has a branch in Kenya.

#### Results and dividends

The results for the year are set out on page 8. No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

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

E Doyle	(Resigned 24 February 2023)
V E Lindsay	(Resigned 21 December 2022)
S Hickok	(Appointed 2 February 2023)
S Teo	(Appointed 2 February 2023)

#### Future developments

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

#### Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

#### Matters included in the strategic report

As permitted by the Companies Act 2006, s. 414C(11) the directors have chosen to set out in the group's strategic report certain information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, 'Sch. 7 to be contained in the directors' report. They have done so in respect of financial risk management.

#### Statement of disclosure to auditor

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

On behalf of the board

  
.....  
S Teo  
Director

Date: 03/08/23  
.....

## **CLIMATECARE MIDCO LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 31 MARCH 2023**

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The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and 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 CLIMATECARE MIDCO LIMITED**

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### **Opinion**

We have audited the financial statements of ClimateCare Midco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and 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 group's and of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent 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 group's or the parent 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.

### **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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLIMATECARE MIDCO LIMITED (CONTINUED)**

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

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLIMATECARE MIDCO. LIMITED (CONTINUED)**

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and reviewing tax computations prepared by tax specialists.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

*Malcolm Pirouet*

Malcolm Pirouet FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
2nd Floor  
1 The Square  
Temple Quay  
Bristol  
BS1 6DG

03/08/23

**CLIMATECARE MIDCO LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2023**

		<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>£</b>	<b>as restated £</b>
<b>Turnover</b>	<b>3</b>	118,530,670	84,609,934
<b>Cost of sales</b>		(72,764,914)	(47,428,520)
<b>Gross profit</b>		45,765,756	37,181,414
<b>Administrative expenses</b>		(28,986,433)	(22,810,024)
<b>Other operating income</b>	<b>4</b>	188,854	-
<b>Operating profit</b>	<b>7</b>	16,968,177	14,371,390
<b>Interest receivable and similar income</b>	<b>9</b>	2,405,848	3,566
<b>Interest payable and similar expenses</b>	<b>10</b>	(7,058,473)	(3,487,790)
<b>Profit before taxation</b>		12,315,352	10,887,166
<b>Tax on profit</b>	<b>11</b>	(5,122,481)	(4,814,765)
<b>Profit for the financial year</b>		7,192,871	6,072,401
<b>Other comprehensive income net of taxation</b>			
<b>Currency translation differences</b>		(904,006)	(427,787)
<b>Total comprehensive income for the year</b>		<u>6,288,865</u>	<u>5,644,614</u>

The profit for the financial year and total comprehensive income for the year is all attributable to the owners of the parent company.

In the comparative period, administrative expenses have been restated to include £1,278,369 of professional fees relating to the acquisition of subsidiaries which were previously presented as exceptional items before operating profit, and to reclassify commissions of £2,485,333 to cost of sales on the grounds that this more fairly reflects the nature of the underlying costs. These reclassifications have no net impact on operating profit as previously reported for the year ended 31 March 2022. In the current year, the equivalent commissions figure is £1,686,860.

Company Registration No. 12880374

**CLIMATECARE MIDCO LIMITED****STATEMENTS OF FINANCIAL POSITION****AS AT 31 MARCH 2023**

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
<b>Fixed assets</b>					
Goodwill	12	79,689,706	90,065,226	-	-
Other intangible assets	12	541,933	25,389	-	-
Total intangible assets		80,231,639	90,090,615	-	-
Tangible assets	13	165,217	187,596	-	-
Investments	14	-	-	22,946,387	22,946,387
		80,396,856	90,278,211	22,946,387	22,946,387
<b>Current assets</b>					
Stocks	16	18,324,454	15,808,368	-	-
Debtors falling due after more than one year	17	44,247,498	-	44,247,498	43,752,500
Debtors falling due within one year	17	27,809,788	20,943,923	4,649,428	502
Cash at bank and in hand		17,498,579	45,331,731	-	-
		107,880,319	82,082,022	48,896,926	43,753,002
<b>Creditors: amounts falling due within one year</b>	18	(59,335,216)	(55,199,773)	(4,760,985)	(55,192)
<b>Net current assets</b>		48,545,103	26,882,249	44,135,941	43,697,810
<b>Total assets less current liabilities</b>		128,941,959	117,160,460	67,082,328	66,644,197
<b>Creditors: amounts falling due after more than one year</b>	19	(99,925,444)	(94,432,810)	(44,247,498)	(43,752,500)
<b>Net assets</b>		29,016,515	22,727,650	22,834,830	22,891,697
<b>Capital and reserves</b>					
Called up share capital	23	6	6	6	6
Share premium account	24	22,946,381	22,946,381	22,946,381	22,946,381
Profit and loss reserves	24	6,070,128	(218,737)	(111,557)	(54,690)
<b>Total equity</b>		29,016,515	22,727,650	22,834,830	22,891,697

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £56,867 (2022 - £46,190).

The financial statements were approved by the board of directors and authorised for issue on 03/08/23 and are signed on its behalf by:

  
S Teo  
Director

**CLIMATECARE MIDCO LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2021</b>	5	22,466,247	(5,863,351)	16,602,901
<b>Year ended 31 March 2022:</b>				
Profit for the year	-	-	6,072,401	6,072,401
Other comprehensive income net of taxation:				
Currency translation differences	-	-	(427,787)	(427,787)
Total comprehensive income for the year	-	-	5,644,614	5,644,614
Issue of share capital	1	480,134	-	480,135
<b>Balance at 31 March 2022</b>	6	22,946,381	(218,737)	22,727,650
<b>Year ended 31 March 2023:</b>				
Profit for the year	-	-	7,192,871	7,192,871
Other comprehensive income net of taxation:				
Currency translation differences	-	-	(904,006)	(904,006)
Total comprehensive income for the year	-	-	6,288,865	6,288,865
<b>Balance at 31 March 2023</b>	6	22,946,381	6,070,128	29,016,515

**CLIMATECARE MIDCO LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2021</b>	5	22,466,247	(8,500)	22,457,752
<b>Year ended 31 March 2022:</b>				
Loss and total comprehensive income for the year	-	-	(46,190)	(46,190)
Issue of share capital	1	480,134	-	480,135
<b>Balance at 31 March 2022</b>	6	22,946,381	(54,690)	22,891,697
<b>Year ended 31 March 2023:</b>				
Loss and total comprehensive income for the year	-	-	(56,867)	(56,867)
<b>Balance at 31 March 2023</b>	6	22,946,381	(111,557)	22,834,830

**CLIMATECARE MIDCO LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	19,866,252		25,474,275	
Interest paid		(4,869,756)		(3,258,274)	
Corporate taxes paid		(3,704,082)		(2,352,450)	
<b>Net cash inflow from operating activities</b>		<b>11,292,414</b>		<b>19,863,551</b>	
<b>Investing activities</b>					
Acquisition of subsidiaries (net of cash acquired)			(11,191,188)		
Purchase of intangible assets		(540,245)		(11,601)	
Purchase of tangible fixed assets		(96,405)		(117,986)	
Interest received		81,296		3,566	
<b>Net cash used in investing activities</b>		<b>(555,354)</b>		<b>(11,317,209)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares			480,135		
Proceeds from borrowings			11,200,000		
Proceeds from new bank loans		47,589,443		20,075,876	
Repayment of loan from parent company		(43,752,500)		-	
Loan to parent company		(44,247,498)		-	
<b>Net cash (used in)/generated from financing activities</b>		<b>(40,410,555)</b>		<b>31,756,011</b>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(29,673,495)</b>		<b>40,302,353</b>	
Cash and cash equivalents at beginning of year		45,331,731		5,029,378	
Effect of foreign exchange rates		1,840,343		-	
<b>Cash and cash equivalents at end of year</b>		<b>17,498,579</b>		<b>45,331,731</b>	

## CLIMATECARE MIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

##### Company information

ClimateCare Midco Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 112 Magdalen Road, Oxford, United Kingdom, OX4 1RQ.

The group consists of ClimateCare Midco Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical-cost convention. The principal accounting policies adopted are set out below.

##### Reduced disclosures in respect of parent company information

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

##### Basis of consolidation

The consolidated financial statements incorporate those of ClimateCare Midco Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

## CLIMATECARE MIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2023

##### 1 Accounting policies (Continued)

###### 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, and group support has been confirmed as available for a period of at least 12 months from the date of approval of these financial statements.

In assessing going concern the directors have considered and modelled detailed monthly 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 any relevant macroeconomic and geopolitical factors. 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 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.

###### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Income relating to contracts where the underlying carbon credits have not yet been acquired and delivered is deferred into future periods. A corresponding adjustment is made to accrued costs.

###### Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

###### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Software	20% straight line basis
Intangible assets under construction	Not amortised until completed and brought into use

###### Tangible fixed assets

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



## CLIMATECARE MIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies (Continued)

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

Improvements to property	20% straight line basis
Plant and machinery	20% or 33% reducing balance basis
Computer equipment	33% straight line basis
Motor vehicles	25% straight line basis

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

#### Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

#### Impairment of fixed assets

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

#### Stocks

Stocks, reflecting payments for carbon credits and renewable energy products, are stated at the lower of cost and net realisable value.

#### Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

#### Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Basic financial assets

Basic financial assets are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

## **CLIMATECARE MIDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 MARCH 2023**

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##### **1 Accounting policies (Continued)**

###### **Basic financial liabilities**

Basic financial liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

###### **Equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

###### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax is based on taxable profit for the year. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

###### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

###### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

###### **Leases**

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

## **CLIMATECARE MIDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023**

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#### **1 Accounting policies (Continued)**

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction, or at an average rate where this rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### **2 Judgements and key sources of estimation uncertainty**

In the application of the group'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In the opinion of the directors, the judgements, estimates and assumptions considered to have a significant impact on the reported performance or financial position of the group are outlined below:

##### **Amortisation of goodwill**

The carrying value of goodwill arising on consolidation is shown in note 12 and the amortisation period is shown in note 1. The amortisation rate reflects management's best estimate of the period over which goodwill is expected to give rise to economic benefits.

##### **Recoverability of goodwill**

Goodwill is subject to periodic impairment reviews taking into account expected future market conditions and expectations of future profitability.

##### **Deferred tax assets**

Deferred tax assets are shown in note 21. Management judgement is required to determine the availability of future taxable profits against which deductible temporary differences and tax losses carried forward can be utilised.

##### **Derivative financial instruments**

The group enters into contracts with firm commitments, and in some cases options, to purchase carbon credits in future years. Management have reviewed the terms of these contracts against the requirements in FRS 102 Section 12 to determine if these contracts to purchase non-financial items could fall within its scope, considering the business model and intended use of the carbon credits, and have concluded they do not.



# CLIMATECARE MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 3 Turnover and other revenue

	2023 £	2022 £
<b>Turnover analysed by class of business</b>		
Verified Emission Reduction (VERs) sales	118,530,670	84,609,934
	<u>118,530,670</u>	<u>84,609,934</u>
<b>Turnover analysed by geographical market</b>		
United Kingdom	28,433,947	24,626,039
United States of America	58,698,883	39,334,981
Rest of World	31,397,860	20,648,914
	<u>118,530,670</u>	<u>84,609,934</u>

### 4 Other operating income

Other operating income of £188,854 (2022 - £nil) principally reflects the release of certain volume rebates relating to a prior period.

### 5 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Management	14	13	-	-
Operations	56	48	-	-
Administrative	29	18	-	-
<b>Total</b>	<u>99</u>	<u>79</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	12,656,274	10,169,547	-	-
Social security costs	1,013,767	741,161	-	-
Pension costs	180,314	198,518	-	-
	<u>13,850,355</u>	<u>11,109,226</u>	<u>-</u>	<u>-</u>

## CLIMATECARE MIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	2,223,839	328,195
Company pension contributions to defined contribution schemes	35,354	13,250
	<u>2,259,193</u>	<u>341,445</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	1,850,646	194,657
Company pension contributions to defined contribution schemes	29,054	7,917
	<u>1,879,700</u>	<u>202,574</u>

Amounts shown above include aggregate payments of £1,440,500 (2022 - £nil) relating to compensation for loss of office.

#### 7 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	219,813	(137,158)
Depreciation of owned tangible fixed assets	73,447	65,036
Loss on disposal of tangible fixed assets	46,118	1,434
Amortisation of intangible assets	10,399,221	10,169,745
Operating lease charges	354,785	157,406
Exceptional professional fees relating to acquisition of subsidiaries	-	1,278,369
	<u>10,893,384</u>	<u>11,514,832</u>

In the statement of comprehensive income, amortisation is charged to administrative expenses.

**CLIMATECARE MIDCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023**

<b>8 Auditor's remuneration</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	83,500	40,825
Audit of the financial statements of the company's subsidiaries	57,100	39,500
	<u>140,600</u>	<u>80,325</u>
<b>For other services</b>		
Taxation compliance services	28,450	22,250
All other non-audit services	20,450	16,425
	<u>48,900</u>	<u>38,675</u>
<b>9 Interest receivable and similar income</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest on bank deposits	81,296	3,566
Exchange differences on financing transactions	2,324,352	-
Total income	<u>2,405,648</u>	<u>3,566</u>
<b>10 Interest payable and similar expenses</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Interest on bank loans	6,525,447	3,307,491
Exchange differences on financing transactions	-	(222,813)
Other finance charges	533,026	403,112
Total finance costs	<u>7,058,473</u>	<u>3,487,790</u>

Other finance charges reflect the amortisation of loan arrangement fees.

**CLIMATECARE MIDCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023****11 Taxation**

	2023 £	2022 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	2,083,302	1,715,751
Adjustments in respect of prior periods	(101,794)	(20,324)
<b>Total UK current tax</b>	<u>1,981,508</u>	<u>1,695,427</u>
Foreign current tax on profits for the current period	4,412,300	2,567,444
Adjustments in foreign tax in respect of prior periods	5,192	-
<b>Total current tax</b>	<u>6,399,000</u>	<u>4,262,871</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,578,718)	279,321
Adjustment in respect of prior periods	302,199	272,573
<b>Total deferred tax</b>	<u>(1,276,519)</u>	<u>551,894</u>
<b>Total tax charge</b>	<u>5,122,481</u>	<u>4,814,765</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	<u>12,315,352</u>	<u>10,887,166</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	2,339,917	2,068,562
Tax effect of expenses that are not deductible in determining taxable profit	56,749	7,852
Tax effect of income not taxable in determining taxable profit	(328)	(1,122)
Movement in deferred tax not recognised	121,965	-
Adjustments in respect of prior years	(96,602)	(20,324)
Group relief	(161,015)	(104,568)
Permanent capital allowances in excess of depreciation	(3,010)	(2,920)
Amortisation on assets not qualifying for tax allowances	1,971,349	1,929,228
Effect of overseas tax rates	627,580	503,635
Deferred tax adjustments in respect of prior years	302,199	272,573
Remeasurement of deferred tax for changes in tax rates	1,050	(46,117)
Other tax adjustments, reliefs and transfers	(37,373)	207,966
<b>Taxation charge</b>	<u>5,122,481</u>	<u>4,814,765</u>

**Factors that may affect future tax charges**

On 3 March 2021, the UK Government announced an increase in the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.



# CLIMATECARE MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 12 Intangible fixed assets

Group	Goodwill	Software	Intangible assets under construction	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2022	103,755,204	41,304	-	103,796,508
Additions	-	429,570	110,675	540,245
At 31 March 2023	103,755,204	470,874	110,675	104,336,753
<b>Amortisation and impairment</b>				
At 1 April 2022	13,689,978	15,915	-	13,705,893
Amortisation charged for the year	10,375,520	23,701	-	10,399,221
At 31 March 2023	24,065,498	39,616	-	24,105,114
<b>Carrying amount</b>				
At 31 March 2023	79,689,706	431,258	110,675	80,231,639
At 31 March 2022	90,065,226	25,389	-	90,090,615

The company had no intangible fixed assets at 31 March 2023 or 31 March 2022.

### 13 Tangible fixed assets

Group	Improvements to property	Plant and machinery	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2022	1,143	71,405	206,337	115,040	393,925
Additions	-	22,420	73,985	-	96,405
Disposals	-	-	(1,190)	(64,000)	(65,190)
Exchange adjustments	-	-	911	-	911
At 31 March 2023	1,143	93,825	280,043	51,040	426,051
<b>Depreciation and impairment</b>					
At 1 April 2022	1,143	58,721	130,126	16,339	206,329
Depreciation charged in the year	-	5,713	51,912	15,822	73,447
Eliminated in respect of disposals	-	-	(385)	(18,687)	(19,072)
Exchange adjustments	-	-	130	-	130
At 31 March 2023	1,143	64,434	181,783	13,474	260,834
<b>Carrying amount</b>					
At 31 March 2023	-	29,391	98,260	37,566	165,217
At 31 March 2022	-	12,684	76,211	98,701	187,596

The company had no tangible fixed assets at 31 March 2023 or 31 March 2022.

# CLIMATECARE MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 14 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	15	-	-	22,946,387	22,946,387
<b>Movements in fixed asset investments</b>					
<b>Company</b>					<b>Shares in group undertakings £</b>
<b>Cost or valuation</b>					
At 1 April 2022 and 31 March 2023					22,946,387
<b>Carrying amount</b>					
At 31 March 2023					22,946,387
At 31 March 2022					22,946,387

### 15 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are set out below.

Climate Impact Partners Europe Limited has taken exemption from audit by virtue of S479A of the Companies Act 2006 in connection with which ClimateCare Midco Limited has guaranteed its liabilities at 31 March 2023 until those liabilities are settled in full.

Name of undertaking	Nature of business	Class of shares held	% Held Direct	% Held Indirect
ClimateCare Finco Limited (a)	Intermediate holding company	Ordinary	100.00	-
ClimateCare Bidco Limited (a)	Intermediate holding company	Ordinary	-	100.00
Climate Impact Partners Limited (a)	Carbon reduction and offset services	Ordinary	-	100.00
Capri US Bidco, Inc (b)	Intermediate holding company	Ordinary	-	100.00
Natural Capital Partners Incorporated (c)	Intermediate holding company	Ordinary	-	100.00
Climate Impact Partners Americas LLC* (d)	Carbon reduction and offset services	Ordinary	-	100.00
Climate Impact Partners Europe Limited (a)	Carbon reduction and offset services	Ordinary	-	100.00

\*Climate Impact Partners Americas LLC was formerly known as Natural Capital Partners Americas LLC.

The registered offices of these companies are:

(a) 112 Magdalen Road, Oxford, United Kingdom, OX4 1RQ.

(b) 1209 Orange St, Wilmington, DE 19801, USA

(c) 116 E 95th St, New York City, NY 10128-1705, USA

(d) 1007 Johnnie Dodds Blvd, STE 134, Mount Pleasant, SC 29484-5901, USA

**CLIMATECARE MIDCO LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****16 Stocks**

	<b>Group 2023 £</b>	<b>2022 £</b>	<b>Company 2023 £</b>	<b>2022 £</b>
Carbon credits and renewable energy products	16,537,418	15,806,368	-	-
Contract work in progress	1,787,036	-	-	-
	<u>18,324,454</u>	<u>15,806,368</u>	<u>-</u>	<u>-</u>

Stocks are stated after impairment provisions of £288,000 (2022 - £nil).

The group has made payments on account in respect of stock purchases, totalling £1,736,000 (2022 - £nil), which are included within stocks.

**17 Debtors**

	<b>Group 2023 £</b>	<b>2022 £</b>	<b>Company 2023 £</b>	<b>2022 £</b>
<b>Amounts falling due within one year:</b>				
Trade debtors	14,307,119	14,932,781	-	-
Amounts owed by group undertakings	3,071,291	481,841	4,641,628	-
Other debtors	1,752,615	511,355	-	502
Prepayments and accrued income	6,293,414	3,946,217	7,800	-
	<u>25,424,439</u>	<u>19,872,194</u>	<u>4,649,428</u>	<u>502</u>
Deferred tax asset (note 21)	2,385,349	1,071,729	-	-
	<u>27,809,788</u>	<u>20,943,923</u>	<u>4,649,428</u>	<u>502</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	<u>44,247,498</u>	<u>-</u>	<u>44,247,498</u>	<u>43,752,500</u>
<b>Total debtors</b>	<u>72,057,286</u>	<u>20,943,923</u>	<u>48,896,926</u>	<u>43,753,002</u>

Amounts owed by group undertakings falling due after more than one year reflect interest-free loans. The loans are unsecured and repayable on demand. However, the company has agreed not to demand repayment within one year of the balance sheet date.

# CLIMATECARE MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 18 Creditors: amounts falling due within one year

	Group 2023 £	2022 £	Company 2023 £	2022 £
Trade creditors	4,927,634	3,095,346	-	-
Amounts owed to group undertakings	611,477	-	4,738,545	26,717
Corporation tax payable	5,324,516	2,592,497	-	-
Other taxation and social security	1,642,346	289,318	-	-
Other creditors	164,874	248,944	-	-
Accruals and deferred income	46,664,369	48,973,668	22,440	28,475
	<u>59,335,216</u>	<u>55,199,773</u>	<u>4,760,985</u>	<u>55,192</u>

### 19 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	20	99,925,444	50,680,310	-	-
Loans from group undertakings	20	-	43,752,500	44,247,498	43,752,500
		<u>99,925,444</u>	<u>94,432,810</u>	<u>44,247,498</u>	<u>43,752,500</u>

### 20 Borrowings

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	99,925,444	50,680,310	-	-
Loans from group undertakings	-	43,752,500	44,247,498	43,752,500
	<u>99,925,444</u>	<u>94,432,810</u>	<u>44,247,498</u>	<u>43,752,500</u>
Payable after one year	<u>99,925,444</u>	<u>94,432,810</u>	<u>44,247,498</u>	<u>43,752,500</u>

Bank loans are secured by a debenture dated 23 September 2020 and a supplemental debenture dated 31 March 2021 in favour of Lucid Trustee Services Limited and a debenture dated 17 November 2022 in favour of Kroll Trustee Services Limited. The debentures give fixed and floating charges over all the property or undertaking of the company.

The bank loans are drawn down under a Senior Multicurrency Term and Revolving Facilities Agreement. The loans are repayable in full in one instalment in October 2027. Interest is payable quarterly in arrears at SONIA + the applicable margin. The initial margin was 6.50% per annum, but subsequently the margin can vary between 6.00%-7.00% depending on gross leverage.

Loans from group undertakings are interest-free, unsecured and repayable on demand. However, the lender has agreed not to demand repayment within one year of the balance sheet date.

# CLIMATECARE MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 21 Deferred taxation

The major deferred tax liabilities and assets recognised by the group are:

	Assets 2023 £	Assets 2022 £
<b>Group</b>		
Fixed asset timing differences	(23,500)	(21,532)
Losses and other deductions	490,367	86,903
Short term timing differences	1,918,482	1,006,358
	<u>2,385,349</u>	<u>1,071,729</u>

The company has no deferred tax assets or liabilities.

	Group 2023 £	Company 2023 £
<b>Movements in the year:</b>		
Asset at 1 April 2022	1,071,729	-
Credit to profit or loss	1,276,519	-
Foreign exchange differences on translation	37,101	-
Asset at 31 March 2023	<u>2,385,349</u>	<u>-</u>

It is not possible to state the extent to which the deferred tax assets and liabilities are expected to reverse within the next twelve months because reversal depends on several factors which cannot be reliably estimated.

### 22 Retirement benefit schemes

	2023 £	2022 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>180,314</u>	<u>198,518</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 23 Share capital

	2023 Number	Group and Company		2022 Number	2023 £	2022 £
<b>Ordinary share capital</b>						
Issued and fully paid						
Ordinary shares of £1 each	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

The company has one class of ordinary shares. The shares carry no right to fixed income. Each share carries the right to one vote at general meetings of the company.

# CLIMATECARE MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 24 Reserves

#### Share premium account

The share premium account reflects consideration received for shares issued above their nominal value, net of transaction costs.

#### Profit and loss reserves

Profit and loss reserves represent the accumulated profits, losses and distributions of the company.

### 25 Cash generated from group operations

	2023 £	2022 £
Profit for the year after tax	7,192,871	6,072,401
<b>Adjustments for:</b>		
Taxation charged	5,122,481	4,814,785
Finance costs	7,058,473	3,487,790
Investment income	(2,405,648)	(3,586)
Loss on disposal of tangible fixed assets	46,118	1,434
Amortisation and impairment of intangible assets	10,399,221	10,169,745
Depreciation and impairment of tangible fixed assets	73,447	65,036
Foreign exchange differences	-	176,580
<b>Movements in working capital:</b>		
Increase in stocks	(2,644,614)	(12,836,709)
Increase in debtors	(6,391,041)	(1,759,115)
Increase in creditors	1,414,944	15,285,914
<b>Cash generated from operations</b>	<b>19,866,252</b>	<b>25,474,275</b>

### 26 Analysis of changes in net debt - group

	1 April 2022 £	Cash flows £	Exchange rate movements £	31 March 2023 £
Cash at bank and in hand	45,331,731	(29,673,495)	1,840,343	17,498,579
Borrowings excluding overdrafts	(94,432,810)	(7,816,986)	2,324,352	(99,925,444)
	<u>(49,101,079)</u>	<u>(37,490,481)</u>	<u>4,164,695</u>	<u>(82,426,865)</u>

## CLIMATECARE MIDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 27 Financial commitments, guarantees and contingent liabilities

The company is party to a debenture dated 23 September 2020 and a supplemental debenture dated 31 March 2021 in favour of Lucid Trustee Services Limited and a debenture dated 17 November 2022 in favour of Kroll Trustee Services Limited. The debentures give fixed and floating charges over all the property or undertaking of the company in relation to the borrowings of ClimateCare Midco Limited, ClimateCare Finco Limited, ClimateCare Bidco Limited, Climate Impact Partners Limited and Climate Impact Partners Europe Limited. At the year end, total borrowings covered were £99,925,444 (2022 - £50,680,310). The borrowings are repayable in full in one instalment in October 2027.

##### Other commitments

The group is committed to purchase 1.3m tonnes of carbon credits in future years for £5.4m.

#### 28 Operating lease commitments

##### Lessee

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

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Within one year	514,500	184,823	-	-
Between one and five years	436,000	28,500	-	-
	<u>950,500</u>	<u>213,323</u>	<u>-</u>	<u>-</u>

#### 29 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel of the group, who are the statutory directors of the company and its subsidiaries, is as follows.

	2023	2022
	£	£
Aggregate compensation	<u>2,406,776</u>	<u>814,140</u>

##### Other information

The group has taken advantage of the exemption available in Section 33 of FRS102 and has not disclosed details of transactions or balances with other wholly-owned group companies.

#### 30 Controlling party

The immediate and ultimate parent company is ClimateCare Holdings Limited, a company incorporated in Jersey. ClimateCare Holdings Limited heads the largest group into which the results and financial position of the company are consolidated. Its financial statements are not available to the public.

The smallest group into which the results and financial position of the company are consolidated is that headed by the company itself.

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