

Registered number: 04191186

CANTORCO2E LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

MONDAY



ABDUWUXU

A09

03/10/2022

#197

COMPANIES HOUSE

CANTORCO2E LIMITED

COMPANY INFORMATION

DIRECTOR	Mr R. Haley
COMPANY SECRETARY	Mr R. M. Snelling
REGISTERED NUMBER	04191186
REGISTERED OFFICE	5 Churchill Place Canary Wharf London E14 5HU
INDEPENDENT AUDITORS	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY

CANTORCO2E LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Director's Report	3 - 4
Director's Responsibilities Statement	5
Independent Auditors' Report	6 - 9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12 - 13
Notes to the Financial Statements	14 - 19

CANTORCO2E LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

INTRODUCTION

Cantor CO2e Limited ('the Company') is a member of the Cantor Fitzgerald L.P. group ('Cantor Group'), which is comprised of Cantor Fitzgerald L.P. ('CLFP') and its subsidiaries.

Prior to October 2010, the principal activities of the Company were, to provide brokerage, information and consulting services for products related to environmental markets, including greenhouse gases, other air pollutants and renewable energy.

The Company operated as a broker both on a name give-up and on a matched principal basis through Cantor Fitzgerald Europe ('CFE'), an associated group company. It also maintained limited exposure to Clean Development Mechanism ('CDM') brokerage and services revenues and certain other markets.

Since October 2010, the Company has remained active but has not traded.

BUSINESS REVIEW

The Company surrendered its registration with the then Financial Services Authority in September 2010 and has ceased all brokerage activities. Since October 2010 the Company has been largely inactive with no direct employees and has no intention to actively trade in the future. The Company did not earn any net commissions during the current and the previous year.

During 2012, the Company, as a member of the Cantor Fitzgerald UK VAT group ('VAT Group'), whose representative member is Tower Bridge GP Limited ('TBGP'), an associated subsidiary of CLFP, received a claim from HM Revenue & Customs ('HMRC') of US\$12,566,435 in relation to taxation on historic Carbon Emission Reduction ('CER') and European Union Emission Allowances ('EUEA') trades undertaken by the Company.

In September 2013, TBGP, as the representative member of the VAT Group, appealed to the First-tier Tribunal (Tax) of the HM Courts & Tribunals Service ('FTT'). As part of the appeal process, the VAT Group was required to pay or secure the net disputed claim before the appeal could be heard. The directors determined at that stage that due to the risk of recovery of this receivable it should be fully provided for, and an impairment provision was booked in the 2013 financial statements.

The FTT hearing took place during March 2018. The FTT decision was released on 9 March 2019. TBGP were successful on one of the issues being considered by the FTT leading to a recovery of approximately £1,665,780 (2021: US\$2,256,216 / 2020: US\$2,277,038). Full details of the impact to the financial statements are set out in detail on note 13.

Of the issues on which TBGP were unsuccessful at the FTT, two of these were appealed by TBGP to the Upper Tribunal ('UT'). TBGP's appeal was heard by the UT in December 2020. This appeal was unsuccessful, as confirmed by the UT in February 2021. In March 2021, TBGP obtained permission for a further appeal to the Court of Appeal ('CA'). The CA hearing took place on 5 July 2022. This appeal was, however, unsuccessful and was dismissed by the CA on 18 July 2022.

The CA refused to grant TBGP permission for a further appeal to the UK Supreme Court ('SC'). On 11 August 2022, TBGP therefore applied to the SC directly for permission for a further appeal. TBGP is still awaiting the SC's decision on that permission application. If the permission application and then the further appeal to the SC are both successful, this could lead to an additional recovery of approximately £4,742,232 (2021: US\$6,423,117 / 2020: US\$6,482,394).

HMRC did not appeal the finding on the £1,665,780 (2021: US\$2,256,216 / 2020: US\$2,277,038) award and are out of time to make such an appeal. No discussion with HMRC as to recovery of this amount has occurred as yet. TBGP will not pursue recovery until the SC proceedings are concluded, so that any interest/penalties, on the two remaining unsuccessful claims can be reconciled together.

The director has sought and received assurances of financial support in relation to this matter from the Company's ultimate parent, CLFP.

CANTORCO2E LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

PRINCIPAL RISKS AND UNCERTAINTIES

The Company did not engage in any trading activity during the year and therefore the risks that the Company is open to are limited to foreign exchange risk and liquidity risk.

Foreign exchange risk

Foreign exchange risk is the risk of potential financial loss as a result of fluctuations in exchange rates. As the Company does not undertake any trading activity and the foreign exchange balances are fully provided for, its risk is reduced.

Liquidity risk

Liquidity risk is the risk of not having sufficient cash to meet obligations as they fall due. As the Company has a letter of support from its ultimate parent, its risk is reduced.

FINANCIAL KEY PERFORMANCE INDICATORS

The Director does not consider there to be any performance indicators as the Company has ceased trading.

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



Mr R. Haley
Director

Date: 29/09/2022

CANTORCO2E LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his report and the financial statements for the year ended 31 December 2021.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to US\$608,025 (2020 - loss US\$334,162).

The director does not recommend a dividend for the period (2020: US\$Nil).

DIRECTORS

The directors who served during the year:

Mr R. Haley

POLITICAL CONTRIBUTIONS AND CHARITABLE DONATIONS

The Company made no charitable donations or political donations during the current and prior year.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the directors' report.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he 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 auditors are aware of that information.

GOING CONCERN

The Company's business activities and financial position are set out in the Strategic Report on pages 1 - 2. The Company is no longer actively trading, and there is no intention to do so in the future. The Company has received a letter of support regarding any VAT liabilities to VAT Group members or third parties. The Company has sufficient resources, through the letter of support, to cover any liabilities for the foreseeable future.

The director of the Company therefore has a reasonable expectation that the Company has adequate resources to continue in operational existence and to meet its financial obligations for the foreseeable future and for a period of twelve months from when the financial statements are authorised for issue. Therefore the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

CANTORCO2E LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

A handwritten signature in black ink, appearing to be 'R. Haley', written in a cursive style.

Mr R. Haley
Director

Date: 29/09/2022

CANTORCO2E LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the requirements of the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102"). 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 in accordance with Section 10 of FRS102 Accounting Policies, Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- in respect of the Company's financial statements, state whether applicable UK Accounting Standards including FRS102 in conformity with the requirements of the Companies Act 2006 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 appropriate to presume that the Company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and a directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

CANTORCO2E LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANTORCO2E LIMITED

Opinion

We have audited the financial statements of CantorCO2e Limited for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Company's affairs as at 31 December 2021 and of its loss 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 director's 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 twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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 director is 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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

CANTORCO2E LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANTORCO2E LIMITED

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;
- the Strategic Report and Director's 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 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 5, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or has 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANTORCO2E LIMITED

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, Financial Reporting Standard 102, and tax legislation (governed by HM Revenue and Customs).
- We understood how the Company is complying with these legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and its regulatory bodies, made enquiries of the management for their awareness of any non-compliance with laws and regulations and gained an understanding of the Company's approach to governance and risk management framework and the internal controls processes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and designating it to be fraud risks. We considered the controls that the Company has established to address these identified risks, or that otherwise seek to prevent, deter or detect fraud. We also performed journal entry testing, which targeted transactions or postings that have certain characteristics which could be indicative of fraudulent activity, and substantively tested the appropriateness of the posting.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved enquiries of executive management and those responsible for legal and compliance matters and journal entry testing. We corroborated our enquiries through review of minutes, policies and correspondence with relevant regulatory authorities.

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.

CANTORCO2E LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANTORCO2E LIMITED

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 Wallace (Senior statutory auditor), for and on behalf of:
Ernst & Young LLP, Statutory Auditor

Date: 29/09/2022

25 Churchill Place
Canary Wharf
London, E14 5EY

CANTORCO2E LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 US\$	2020 US\$
Administrative expenses		(608,055)	(357,141)
Operating loss	2	(608,055)	(357,141)
Interest receivable and similar income	5	11,281	81,849
Interest payable and similar charges	6	(11,251)	(58,870)
Loss before tax		(608,025)	(334,162)
Loss for the financial year		(608,025)	(334,162)

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 14 to 19 form part of these financial statements.

CANTORCO2E LIMITED
REGISTERED NUMBER: 04191186

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 US\$	2020 US\$
Current assets			
Debtors: amounts falling due within one year	9	2,348,597	2,358,887
Current liabilities		2,348,597	2,358,887
Creditors: amounts falling due within one year	10	(16,936,267)	(16,338,532)
Net current liabilities		(14,587,670)	(13,979,645)
Total assets less current liabilities		(14,587,670)	(13,979,645)
Net liabilities		(14,587,670)	(13,979,645)
Capital and reserves			
Called up share capital	11	10,495,001	10,495,001
Profit and loss account		(25,082,671)	(24,474,646)
		(14,587,670)	(13,979,645)

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



Mr R. Haley
Director

Date: 29/09/2022

CANTORCO2E LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital US\$	Profit and loss account US\$	Total equity US\$
At 1 January 2021	10,495,001	(24,474,646)	(13,979,645)
Loss for the year	-	(608,025)	(608,025)
Total comprehensive loss for the year	-	(608,025)	(608,025)
At 31 December 2021	10,495,001	(25,082,671)	(14,587,670)

The notes on pages 14 to 19 form part of these financial statements.

CANTORCO2E LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital US\$	Profit and loss account US\$	Total equity US\$
At 1 January 2020	10,495,001	(24,140,484)	(13,645,483)
Loss for the year	-	(334,162)	(334,162)
Total comprehensive income for the year	-	(334,162)	(334,162)
At 31 December 2020	10,495,001	(24,474,646)	(13,979,645)

The notes on pages 14 to 19 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. ACCOUNTING POLICIES

The financial statements have been prepared in compliance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102') and with the Companies Act 2006.

The principal accounting policies are described below:

1.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis under the historical cost convention, as modified by the inclusion of financial instruments which are held at fair value. The financial statements are presented in US dollars.

1.2 Foreign currencies

The Company's functional currency is US dollars as this is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are initially recorded at the month end exchange rate for the month that the transactions occurred. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are recognised in the profit and loss account.

The balance sheet conversion rate used to convert GBP to USD at 31 December 2021 was 1.354 (2020: 1.367).

1.3 Interest income and expense

Interest income and expense are recognised in the profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

1.4 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.5 Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between the Company's taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

CANTORCO2E LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****1. ACCOUNTING POLICIES (CONTINUED)****1.6 Statement of cash flows**

The Company held no cash at bank and in hand during the current and prior year. Therefore, a Statement of Cash Flows has not been prepared. When liabilities fall due, these are paid by group companies and recharged to the Company via intercompany payables.

2. OPERATING LOSS

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

	2021 US\$	2020 US\$
Exchange losses/(gain)	21,917	(51,534)

3. AUDITORS REMUNERATION

	2021 US\$	2020 US\$
Audit of the financial statements	12,463	12,200
	<u>12,463</u>	<u>12,200</u>

Auditor's remuneration of US\$12,463 (2020: US\$12,200) was recharged by an associated group entity.

4. DIRECTORS' REMUNERATION

	2021 US\$	2020 US\$
Directors' remuneration	1,000	1,000
Remuneration of the highest paid director	1,000	1,000

The directors were remunerated by other Group entities in the current and prior year. No recharge to the Company was made for these costs.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 US\$	2020 US\$
Interest receivable on VAT recovery	11,281	81,849
	<u>11,281</u>	<u>81,849</u>

CANTORCO2E LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2021 US\$	2020 US\$
Loans from group undertakings	11,251	58,870
	<u>11,251</u>	<u>58,870</u>

7. TAXATION

The Company did not incur any tax charges during the year (2020: US\$Nil).

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

	2021 US\$	2020 US\$
Loss on ordinary activities before tax	(608,025)	(334,162)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(115,525)	(63,491)
EFFECTS OF:		
Expenses not deductible for tax purposes	8,426	11,186
Unrecognised tax losses carried forward/(utilised)	107,099	52,305
TOTAL TAX CHARGE FOR THE YEAR	<u>-</u>	<u>-</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The effective statutory corporation tax rate for the year ended 31 December 2021 is 19% (2020: 19%). Budget 2021 provides that the rate of corporation tax will increase to 25% from April 2023. This rate was enacted within Finance Act 2021.

8. DEFERRED TAXATION

There is no deferred tax provision. A deferred tax asset has not been recognised in respect of tax losses and other timing differences as the asset is not expected to be recovered. The amount of the asset not recognised is approximately US\$3,793,822 (2020: US\$2,776,205).

CANTORCO2E LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****9. DEBTORS: Amounts falling due within one year**

	2021 US\$	2020 US\$
VAT recovery	2,348,597	2,358,887
	<u>2,348,597</u>	<u>2,358,887</u>

At 31 December 2021 the underlying GBP VAT receivable of £1,665,780 has revalued to US\$2,256,216 (2020: US\$2,277,038) and the Company had accrued interest receivable of US\$92,381 (2020: US\$81,849).

10. CREDITORS: Amounts falling due within one year

	2021 US\$	2020 US\$
Other loans	11,191,396	11,191,396
Amounts owed to group companies	4,827,700	4,022,621
Accruals	917,171	1,124,515
	<u>16,936,267</u>	<u>16,338,532</u>

At 31 December 2021, the Company had an on demand loan with CFLP for USD\$11,191,396 (2020: US\$11,191,396). The interest rate charged is USD one month LIBOR.

11. SHARE CAPITAL

	2021 US\$	2020 US\$
Authorised		
100,000,000 (2020 - 100,000,000) ordinary shares of US\$1.00 each	<u>100,000,000</u>	<u>100,000,000</u>
Allotted, called up and fully paid		
10,495,001 (2020 - 10,495,001) ordinary shares of US\$1.00 each	<u>10,495,001</u>	<u>10,495,001</u>

CANTORCO2E LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

12. RELATED PARTY TRANSACTIONS

The Company has entered into service arrangements with various parties and an on demand loan with entities that are related by common ownership and control. The intercompany balances held with related parties comprised the following amounts due to:

	2021 US\$	2020 US\$
Entities with control over the Company	16,019,096	15,214,017
	<u>16,019,096</u>	<u>15,214,017</u>

Shared services

During the year ended 31 December 2021 the net service arrangements expense with BGC European Holdings LP ('BGCEH'), a BGC Group entity, was US\$326,555 (2020: US\$32,838). Included in this fee are costs for support services provided by Tower Bridge International Services L.P. ('TBISLP'), the service entity to the BGC Group and Cantor Group European entities. Also included are costs for BGC Technology Support Services Limited ('BTSSL') and BGC Technology International Limited ('BTIL') in relation to the provision of IT support services (BTSSL provide infrastructure and BTIL provide development). TBISLP, BTSSL and BTIL are all subsidiaries of the BGCEH group.

In addition to the above balances as at 31 December 2021, the Company has accrued interest payable of US\$793,365 (2020: US\$782,114) in relation to loans from entities with control over the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. CONTINGENT LIABILITIES

During 2012, the Company, as a member of the Cantor Fitzgerald UK VAT group ('VAT Group'), whose representative member is Tower Bridge GP Limited ('TBGP'), an associated subsidiary of CFLP, received a claim from HM Revenue & Customs ('HMRC') of US\$12,566,435 in relation to taxation on historic Carbon Emission Reduction ('CER') and European Union Emission Allowances ('EUEA') trades undertaken by the Company.

In September 2013, TBGP, as the representative member of the VAT Group, appealed to the First-tier Tribunal (Tax) of the HM Courts & Tribunals Service ('FTT'). As part of the appeal process, the VAT Group was required to pay or secure the net disputed claim before the appeal could be heard. The directors determined at that stage that due to the risk of recovery of this receivable it should be fully provided for, and an impairment provision was booked in the 2013 financial statements.

The FTT hearing took place during March 2018. The FTT decision was released on 9 March 2019. TBGP were successful on one of the issues being considered by the FTT leading to a recovery of approximately £1,665,780 (2021: US\$2,256,216 / 2020: US\$2,277,038).

Of the issues on which TBGP were unsuccessful at the FTT, two of these were appealed by TBGP to the Upper Tribunal ('UT'). TBGP's appeal was heard by the UT in December 2020. This appeal was unsuccessful, as confirmed by the UT in February 2021. In March 2021, TBGP obtained permission for a further appeal to the Court of Appeal ('CA'). The CA hearing took place on 5 July 2022. This appeal was, however, unsuccessful and was dismissed by the CA on 18 July 2022.

The CA refused to grant TBGP permission for a further appeal to the UK Supreme Court ('SC'). On 11 August 2022, TBGP therefore applied to the SC directly for permission for a further appeal. TBGP is still awaiting the SC's decision on that permission application. If the permission application and then the further appeal to the SC are both successful, this could lead to an additional recovery of approximately £4,742,232 (2021: US\$6,423,117 / 2020: US\$6,482,394).

HMRC did not appeal the finding on the £1,665,780 (2021: US\$2,256,216 / 2020: US\$2,277,038) award and are out of time to make such an appeal. No discussion with HMRC as to recovery of this amount has occurred as yet. TBGP will not pursue recovery until the SC proceedings are concluded, so that any interest/penalties, on the two remaining unsuccessful claims can be reconciled together.

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The registered office of the Company is Five Churchill Place, London E14 5HU. The Company is incorporated and registered in England and Wales. The immediate parent company is CantorCO2e, LLC, a limited liability company registered at 499 Park Avenue, New York, United States of America. The ultimate and controlling party and the largest group into which the accounts are consolidated is Cantor Fitzgerald, L.P., a limited partnership registered at 499 Park Avenue, New York, United States of America. The financial statements are not publicly available for Cantor Fitzgerald, L.P..