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Carbon Trust Investments Limited

Financial statements for the year ended 31 March 2019

Registered number: 04649291

Company Information

Registered office:	4th Floor, Dorset House, 27-45 Stamford Street, London, SE1 9NT
Directors:	Tom Delay Michael Rea Paul Jefferiss Chris Mottershead James Smith - resigned 12 July 2018 Gina V Hall Julia King - appointed 16 July 2018
Bankers:	Royal Bank of Scotland plc, 119/121 Victoria Street, London SW1E 6RA
Auditors:	Grant Thornton UK LLP, 30 Finsbury Square, London, EC2A 1AG

Contents

Directors' report

The Directors present their report on the affairs of the company together with the financial statements and Auditor's report for the year ended 31 March 2019. The accounts have been prepared on a going concern basis. This Directors' report has been prepared in accordance with Section 415 of the Companies Act 2006.

Principal activities

The company is an investment holding company and its principal activity is to invest in companies whose purpose is the development and deployment of early stage low carbon technologies, processes and energy supplies. The company undertakes the Carbon Trust's investment activity. The company is wholly owned by the Carbon Trust.

Results and dividends

The audited financial statements for the year ended 31 March 2019 are set out on pages 10 to 20.

The Directors review the company's investment advisors' portfolio valuation annually. This valuation is prepared applying International Private Equity and Venture Capital guidelines, and quoted market prices where available. The Directors consider permanent impairment of the portfolio in light of this valuation. Permanent impairments in the carrying value of investments are expensed to the profit and loss. In the year the net impairment adjustments totalled £117,786 loss (2018: £259,883 increase). The total loss for the year after taxation was £384,911 (2018: £390,277). The Directors do not recommend the payment of a dividend (2018: nil).

The company has positive cash balances and investments which are subject to a realisation plan. These provide sufficient funds to determine that the company's operations will continue for the foreseeable future. Accordingly the Directors have prepared the financial statements on a going concern basis.

Directors

The Directors of the company during the financial year were:

Name	Position	Date of appointment
Tom Delay	Director	Appointed 26 March 2003
Julia King	Director	Appointed 16 July 2018
Gina V Hall	Director	Appointed 4 November 2011
Paul Jefferiss	Director	Appointed 26 March 2003
Chris Mottershead	Director	Appointed 26 March 2003
Michael Rea	Director	Appointed 12 June 2008
James Smith	Chairman	Appointed 17 February 2011 Resigned 12 July 2018

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Directors' report

Directors' responsibilities statement

The Directors are responsible for preparing 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 laws, including FRS102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and the profit or loss of the company for that period.

In preparing the financial statements, the Directors are required to:

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

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information, of which the auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Subject to the receipt of any objections as provided under statute or the company's Articles of Association, the company is relying on section 487 of the Companies Act 2006 for the deemed reappointment of Grant Thornton UK LLP as auditors.

Small company provisions

In preparing this report, the Directors have taken advantage of the small companies regime in Part 15 of the Companies Act 2006.

By order of the Board

Laura Byrne
Company Secretary
London
4 July 2019

Carbon Trust Investments Limited
Registered number: 04649291

Independent Auditor's report

Independent Auditor's report to the members of Carbon Trust Investments Limited

Opinion

We have audited the financial statements of Carbon Trust Investments Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity and notes to the financial statements, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' 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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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 directors' report.

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 Auditor's report

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

Use of our report

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

Grant Thornton UK LLP

Carol Rudge BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
4 July 2019

Statement of comprehensive income
For the year to 31 March 2019

	Note	Year to 31 March 2019	Year to 31 March 2018
		£	£
Administrative expenses		(364,808)	(820,340)
Net fair value adjustment to investments	5	(117,786)	259,883
Other operating income		8,044	14,078
Operating loss		**(474,550)**	**(546,379)**
Interest receivable and similar income	7	56,559	44,156
Loss on ordinary activities before taxation	5	**(417,991)**	**(502,223)**
Tax credit on ordinary activities	8	33,080	111,946
Loss for the year		**(384,911)**	**(390,277)**
Total comprehensive deficit for the year		**(384,911)**	**(390,277)**

There were no recognised gains or losses for the year or the prior year other than the results stated above. All results relate to continuing operations.

The accompanying notes on pages 13 to 20 form part of these financial statements.

Statement of financial position
As at 31 March 2019

	Note	As at 31 March 2019 £	As at 31 March 2018 £
Non-current assets			
Financial assets - Investment portfolio	9	291,964	439,818
Trade and other receivables	10	1	1
		291,965	439,819
Current assets			
Trade and other receivables	11	34,881	17,955
Cash and cash equivalents		8,061,114	8,346,123
		8,095,995	8,364,078
Current liabilities			
Trade and other payables	12	(4,568)	(15,109)
Net current assets		8,091,427	8,348,969
Provisions for liabilities	13	-	(20,485)
Net assets		8,383,392	8,768,303
Called up share capital	14	1	1
Profit and loss account	15	8,383,391	8,768,302
Shareholders' funds		8,383,392	8,768,303

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime in Part 15 of the Companies Act 2006.

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

Tom Delay
Director
4 July 2019

Gina V Hall
Director
4 July 2019

Registered number: 04649291.

The accompanying notes on pages 13 to 20 form part of these financial statements.

Statement of changes in equity
As at 31 March 2019

	Called-up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	**1**	**9,158,579**	**9,158,580**
Total comprehensive deficit for the year	-	(390,277)	(390,277)
At 31 March 2018	**1**	**8,768,302**	**8,768,303**
Total comprehensive deficit for the year	-	(384,911)	(384,911)
At 31 March 2019	**1**	**8,383,391**	**8,383,392**

Notes to the financial statements

1 Company information

Carbon Trust Investments Limited is a private company limited by shares, registered in England and Wales (registered number 04649291) incorporated in the United Kingdom under the Companies Act 1985. Its registered office is 4th Floor, Dorset House, 27-45 Stamford Street, London SE1 9NT. The nature of the company's operations and its principal operations are set out in the director report on page 4.

2 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Companies Act 2006.

The financial statements are presented in Pound Sterling (£).

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

The individual accounts of the company have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flow and related notes
- exposure to and management of financial risks
- related party disclosures with other parties within the group of which it is a member

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements.

3 Significant judgements and estimates

In preparing these financial statements to conform to generally accepted accounting principles and by applying the group's accounting policies, management are required to use judgements in applying assumptions which affect the reported amounts. The item in the financial statements where these judgements have been made is:

Financial assets - investment portfolio

Unlisted investments held within the investment portfolio are not traded on an active market and therefore judgement is used in determining the fair value of these investments.

In line with IPEVC guidelines, the company makes judgements as to the fair value of its investments portfolio, based on internal and external indicators. Firstly recent market transactions are used, in the absence of transactions in the investee company, market transactions of like companies are considered. Where available the investee company trading results and or projections are taken into account, and earnings or revenue multiples from market transactions of like companies are used in preparing a detailed assessment of the enterprise values for all companies. The assumptions used are further discussed in note 9.

Notes to the financial statements

4 Principal accounting policies

Significant accounting policies, all of which have been applied consistently throughout the year, are as follows:

a) Cashflow exemption

The company has not prepared a cash flow statement as it is exempt from the requirement to do so under FRS 102 Section 1.12. The company is a 100% owned subsidiary where group financial statements are publicly available.

b) Foreign currency

Transactions in foreign currencies are translated into sterling at exchange rates prevailing on the date of the transactions. Exchange differences are recognised in the statement of comprehensive income on settlement of these transactions.

c) Corporation tax

UK corporation 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 reporting date.

d) Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are only recognised to the extent that it is probable that that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transactions that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and the group intends to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the financial statements

e) Cash & cash equivalents

UK Cash and cash equivalents comprise cash in hand, cash held at bank with immediate access, bank deposits with maturities of three months or less and short term cash deposits of twelve months or less from the date of inception.

f) Liabilities for goods and services

Trade payables represent goods and services invoiced and not yet paid. Trade and other payables are measured at the transaction price and recognised at the date on which goods and services are receivable by the company. Where the company is not yet in receipt of a supplier invoice and there is an obligation to pay for goods and services receivable, the amount is recognised as an accrual.

g) Trade receivables

Trade and other receivables are measured at transaction price, less any impairment.

h) Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, valued added taxes and sales taxes.

i) Financial assets

I) Investments are recognised or derecognised on the date when the purchase or sale of the investment becomes unconditional.

II) Equity investments are recognised initially at fair value. Subsequently all quoted and unquoted equity investments are measured at 'fair value through profit and loss' and are carried in the statement of financial position at fair value.

III) Quoted equity investments are measured at each reporting date by reference to quoted market price.

IV) All unlisted investments are held at fair value by applying the International Private Equity and Venture Capital ('IPEVC') valuation guidance.

V) Any acquisition costs arising from the purchase of equity investments are expensed immediately in the statement of comprehensive income.

VI) Investment gains or losses arise from the sale of investment portfolio, being the difference between the net sale proceeds and the carrying value at the start of the accounting period, and unrealised profits or losses on the revaluation of investments, being the movement in the fair value of investments between the start and the end of the accounting period. These are included within finance cost or income as appropriate in the statement of comprehensive income.

Notes to the financial statements

5 Loss on ordinary activities before taxation

Loss on ordinary activities is stated after charging/(crediting):

	Year to 31 March 2019 £	Year to 31 March 2018 £
Net fair value adjustment to investments (note 9)	117,786	(259,883)
Foreign exchange gain	(7)	30
Loss /(gain) on disposal of investments	(6,442)	2,000

The company's audit fees for the year to 31 March 2019 of £4,000 (2018: £3,300) and tax fees of £3,064 (2018: £2,990) were borne by the Carbon Trust.

6 Staff costs and Directors' remuneration

The company had nil employees in the year (2018: nil). A management fee charge of £231,000 (2018: £640,000) in respect of administration costs has been paid to the Carbon Trust.

Some Directors of the company receive remuneration from its parent company, the Carbon Trust (a separate limited company). The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the company and their services as employees of the Carbon Trust. The total remuneration received from the parent company by these directors was £854,532 (2018: £777,054).

7 Interest receivable and similar income

	Year to 31 March 2019 £	Year to 31 March 2018 £
Bank interest income	56,559	44,156

Notes to the financial statements

8 Tax on loss on ordinary activities

(a) Analysis of corporation tax credit for the year

	Year to 31 March 2019	Year to 31 March 2018
	£	£
Current tax:		
Group relief receivable	(2,831)	-
Adjustments in respect of previous periods	(9,765)	-
Total current tax (credit)/charge	(12,596)	-
Deferred tax:		
Effect of changes in tax rate on opening liability	-	-
Movement in investment value during the year	(20,484)	(111,946)
Effect on changes in tax rate on existing base cost	-	-
Total deferred tax	(20,484)	(111,946)
Total income tax credit	(33,080)	(111,946)

(b) Factors affecting corporation tax charge for the year

The difference between the total current corporation tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Year to 31 March 2019	Year to 31 March 2018
	£	£
Loss on ordinary activities before taxation	(417,991)	(502,223)
Loss on ordinary activities multiplied by the average UK corporation tax company rate of 19 % (2018: 19%)	(79,418)	(95,423)
Net effects of:		
Expenditure not deductible for tax purposes	671	(160,944)
Non-taxable income	-	(764)
Chargeable gains arising on disposal of investments	6,937	58,501
Tax losses utilised	48,495	86,684
Adjustments to tax charge in respect of prior years	(9,765)	-
Total income tax credit	(33,080)	(111,946)

There is an unrecognised deferred tax asset of £642,554 (2018: £603,915) as at 31 March 2019 in respect of losses carried forward which are valued at the future tax rate of 17% (2018: 17%). This deferred tax asset has not been recognised on the basis that there is insufficient evidence of taxable profits arising in the future against which it can be recovered.

9 Financial assets - Investment portfolio

	At 31 March 2019 £	At 31 March 2018 £
Equity investments and convertible loan stock	291,964	439,818

Equity investments of more than 20% of the issued share capital and convertible loan stock are held in the following company:

	% ownership at 31 March 2019 £	% ownership at 31 March 2018 £
ACAL Energy Ltd (in administration)	27.9	27.9

All investments are valued under IPEVC, and the movement in their value during the year is as follows:

	2019 £ Total	2018 £ Total
At 1 April	439,818	847,337
Additions	-	7,530
Capital returns	(36,510)	(102,933)
Disposals	6,442	(580,000)
Change in fair value recognised using IPEVC valuation guidelines	(117,786)	81,134
Change in value recognised using market data	-	176,750
At 31 March	291,964	439,818

During the year the company disposed of its interest in Plaxica through a members' voluntary liquidation, following receipt of a capital dividend.

During the year the company converted its convertible debt in Oxsensis Limited. At 31 March 2019, the company held investments relating to convertible debt valued at £nil (2018: £nil) in ACAL Energy Ltd.

At the year end, the directors reviewed the fair value of the company's investments and following this review, a decrease in fair value of £117,786 (2018: £257,884 increase) was deemed necessary. The company is exposed to fluctuations in the fair value of its investment portfolio through its income statement as a result of changes in the outcome of the valuation guidelines applied per note 3, 4(i). A 10% decrease or increase to this valuation as at 31 March 2019 would result in a decrease of £29,000 and an increase of £29,000 respectively to the fair value (2018: £44,000 and £44,000 respectively).

10 Trade and other receivables (Non-current)

	2019	2018
	£	£
Unpaid share capital	1	1
	1	1

11 Trade and other receivables (Current)

	2019	2018
	£	£
Prepayments and accrued income	27,225	15,542
Other debtors	4,827	2,413
Amounts due from group undertakings	2,829	-
	34,881	17,955

12 Trade and other payables

	2019	2018
		£
Other Payables	804	2,011
Amounts owed to group undertakings	3,764	13,098
	4,568	15,109

13 Provision for liabilities

Deferred tax liability

	2019	2018
	£	£
At 1 April	20,485	132,431
Released to the income statement	(20,485)	(111,946)
At 31 March	-	20,485

There are no deferred tax assets offset against the liabilities recognised above. The deferred tax liability relates to the equity investments held in the group's venture capital portfolio and tax losses bought forward may not be offset against capital gains in future periods.

Deferred tax is provided for on the difference between the base cost and fair value of the individual investments at the substantially enacted prevailing future corporation tax rates. At 31 March 2019, this was 17%. As a consequence, no change due to the variation in corporation tax rates is expected in 2019-20.

Notes to the financial statements

14 Called up share capital

	2019	2018
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Authorised, issued and unpaid		
1 ordinary share of £1 each	1	1

15 Reserves

Called up share capital - represents the nominal value of shares that have been issued.
Profit or loss account - includes all current and prior period retained profits and losses.

Included in reserves are £2,311,622 (2018: £2,630,200) restricted for reuse in low carbon technology investment.

16 Controlling party

The company's ultimate and immediate parent undertaking, ultimate controlling party and parent of the smallest and largest group into which the company's results are consolidated is the Carbon Trust, a company limited by guarantee and incorporated in England and Wales. Its financial statements are available from the company's registered office at: 4th Floor, Dorset House, 27-45 Stamford Street, London, SE1 9NT.

17 Related party transactions

The company is exempt from disclosing transactions with other companies within the group headed up by The Carbon Trust in accordance with paragraph 33.1A of FRS 102.