

Trading Emissions Limited

(Registration Number: 05373481)

Report and Financial Statements

For the year ended

30 June 2015

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Trading Emissions Limited

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Trading Emissions Limited

Company Information

Director

Philip Peter Scales

Company Secretary

Taylor Wessing Secretaries Limited

Registered Office

5 New Street Square
London
EC4A 3TW

Independent Auditor to the Company

KPMG Audit LLC
41 Heritage Court
Athol Street
Douglas
Isle of Man
IM99 1HN

Trading Emissions Limited

Director's Report

The Director presents his report together with the audited financial statements of Trading Emissions Limited (the "Company") for the year ended 30 June 2015.

Incorporation

The Company was incorporated in England and Wales on 23 February 2005 with number 05373481 as a limited liability company.

Principal activity

The Company's principal activity was to facilitate its parent company, Trading Emissions Plc, to enter into certain emissions reduction purchase agreements in China. In 2005 the Company entered into four Emission Reduction Purchase Agreements ("ERPA") contracts with project owners in China for the delivery to the Company of carbon credits called Certified Emissions Reductions ("CERs").

Three of these ERPAs were terminated in prior years. The Director is looking to terminate the remaining ERPA.

Results and business review

The financial position of the Company at the end of the year is shown in the Balance Sheet on page 6.

The loss on ordinary activities after taxation for the year is £3,978 (2014: loss £14,464). The Director does not recommend the payment of a dividend (2014: Nil).

The Company has performed in accordance with expectations during the year.

As discussed above, three of the four ERPAs held by the Company have been terminated and re-assigned to a related party of the Company. The Company's one remaining ERPA is in the process of being terminated. Should that occur the Company will likely be liquidated.

Director

The Director of the Company who held office during the year and to date is disclosed on the previous page.

Director's interests

The Director holding office at 30 June 2015 had no interests in the shares of the Company.

Secretary

The Secretary to the Company holding office throughout the year and to date was Taylor Wessing Secretaries Limited.

Independent auditor

During the financial year, PricewaterhouseCoopers LLC resigned as auditor and KPMG Audit LLC was appointed. KPMG Audit LLC, being eligible, has expressed its willingness to continue in office.

On behalf of the Board



P. P. Scales

Director

24 February 2016

Trading Emissions Limited

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Director must not approve the financial statements unless he is 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 Director is required to:

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

The Director is 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. He has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the Board



P. P. Scales
Director

24 February 2016

Trading Emissions Limited

Independent Auditor's Report to the members of Trading Emissions Limited

We have audited the financial statements of Trading Emissions Limited for the year ended 30 June 2015 set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 3, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

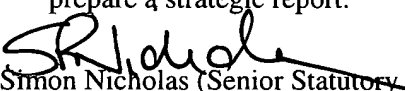
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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 Director was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.


Simon Nicholas (Senior Statutory Auditor)
for and on behalf of KPMG Audit LLC, Statutory Auditor
Chartered Accountants
Douglas
Isle of Man

25 February 2016

Trading Emissions Limited
Profit and Loss Account
for the year ended 30 June 2015

	Note	Year ended 30 June 2015 £	Year ended 30 June 2014 £
Turnover	2	-	-
Costs of sales		-	-
Gross profit		-	-
Expenses			
Professional fees		(5,293)	(3,335)
Audit fees		1,320	(4,340)
Other expenses		(5)	(691)
Operating expenses		(3,978)	(8,366)
Loss on ordinary activities before taxation	8	(3,978)	(8,366)
Tax on profit on ordinary activities	4	-	(6,098)
Loss for the financial year	9	(3,978)	(14,464)

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical equivalents.

The Director considers all activities are attributable to discontinuing operations.

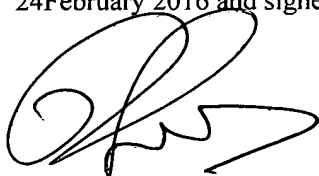
The Company has no recognised gains and losses other than those included in the loss above, and therefore no Statement of Total Recognised Gains and Losses has been presented.

The notes on pages 7 to 10 form an integral part of these financial statements

Trading Emissions Limited
Balance Sheet
As at 30 June 2015

	Note	Year ended 30 June 2015 £	Year ended 30 June 2014 £
ASSETS			
Current assets			
Cash at bank		21,136	31,558
Debtors	5	136	136
		<u>21,272</u>	<u>31,694</u>
LIABILITIES			
Current liabilities			
Creditors: Amounts falling due within one year	6	11,194	17,638
Tax liability	4	-	-
		<u>11,194</u>	<u>17,638</u>
Net assets		<u>10,078</u>	<u>14,056</u>
CAPITAL AND RESERVES			
Called up share capital	7	1	1
Share premium account		1	1
Profit and loss account	9	10,076	14,054
Total shareholder's funds	10	<u>10,078</u>	<u>14,056</u>

The financial statements on pages 5 to 10 were approved and authorised for issue by the Director on 24 February 2016 and signed by:



P. P. Scales Director

The notes on pages 7 to 10 form an integral part of these financial statements

Trading Emissions Limited

Notes to the Financial Statements for the year ended 30 June 2015

1. Operations

The Company's principal activity is to facilitate its parent company to enter into certain ERPAs in China. The Company has one remaining ERPA which is not performing and is in the process of being terminated. Once this is complete the Company will perform no activities and is likely to be liquidated. The Company has no employees.

2. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006. The principal accounting policies which have been consistently applied in the preparation of these financial statements are set out below.

Basis of Accounting

The financial statements have been prepared under the historical cost convention and on the going concern basis which assumes that the Company will be able to meet its liabilities as and when they fall due for the foreseeable future. The Company has obtained a letter of support from its ultimate parent company confirming that it will continue to support the Company to enable it to meet its liabilities and future obligations as they fall due.

Cash Flow Statement

As permitted by Financial Reporting Standards No. 1 (Revised 1996) a cash flow statement has not been prepared as the Company is classified as a small entity.

Expenditure

Expenditure is accounted for using the accrual basis whereby all expenses are recorded in the financial statements in the period for which they are chargeable.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. All other foreign currency transactions are recorded at the actual rate of exchange prevailing on the date of the transaction and any exchange differences are dealt with in that part of the profit and loss account in which the underlying transaction is reported.

Taxation

Tax for current and prior periods is provided at the amount expected to be paid using the tax rates and tax law that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Trading Emissions Limited

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

3. Segmental reporting

The Company's activities consist solely of the facilitation to its parent company to hold an ERPA in China.

4. Tax on profit on ordinary activities and deferred tax

Analysis of charge for the year

	2015 £	2014 £
Current tax:		
UK Corporation tax on profits for the year	-	-
Adjustment in respect of prior year	-	6,098
Total current tax	-	6,098
Tax on profit on ordinary activities	-	6,098

(a) Factors affecting tax charge for the year

	2015 £	2014 £
Loss on ordinary activities before tax	(3,978)	(8,366)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 20.75% (2014:22.50%)	(825)	(1,882)
Losses for which no deferred tax asset recognised	825	1,882
Adjustment in respect of prior year	-	6,098
Current tax charge for the year	-	6,098

With effect from 1 April 2015, the standard rate of corporation tax in the UK reduced from 21% to 20%.

5. Debtors

	2015 £	2014 £
VAT receivable	136	136
	136	136

6. Creditors: Amounts falling due within one year

	2015 £	2014 £
Amounts due to Trading Emissions Plc	9,194	10,468
Creditors and accruals	2,000	7,170
	11,194	17,638

Amounts due to Trading Emissions Plc are unsecured, interest free and have no fixed date of repayment.

Trading Emissions Limited

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

7. Share capital

The total number of authorised and issued ordinary shares of the Company is as follows.

	2015 £	2014 £
<i>Authorised</i>		
1,000 ordinary shares of £1 par value	1,000	1,000

	2015 £	2014 £
<i>Issued, called up and fully paid</i>		
1 ordinary share of £1 par value	1	1

8. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2015 £	2014 £
Auditor's remuneration for audit services	(1,320)	4,340
	(1,320)	4,340

9. Profit and loss account

	2015 £	2014 £
Balance brought forward	14,054	28,518
Loss for the financial year	(3,978)	(14,464)
Balance carried forward	10,076	14,054

10. Reconciliation of movements in shareholder's funds

	2015 £	2014 £
Loss for the financial year	(3,978)	(14,464)
Net decrease in shareholder's funds	(3,978)	(14,464)
Opening shareholder's funds	14,056	28,520
Closing shareholder's funds	10,078	14,056

Trading Emissions Limited

Notes to the Financial Statements for the year ended 30 June 2015 (continued)

11. Contractual commitments

The Company entered into four ERPAs to purchase CERs produced from various projects.

As at 30 June 2015 the Company held one ERPA. This has been risk-adjusted to nil as it has not performed in line with expectations and no issuances have been made to date.

The Company entered into a new agreement with its parent company, Trading Emissions Plc, with effect from 1 July 2010 to sell all the CERs to be delivered to the Company from its ERPA contracts to its parent at cost price. This new agreement supersedes the original agreement entered into on 11 December 2008, in which all CERs were sold to Trading Emissions Plc at a fixed price.

The Company terminated three of its ERPAs during prior periods. Revised ERPAs have been signed between the project owner and a related party to the Company on the date of termination. The Company is looking to terminate the one remaining non-performing ERPA.

12. Related-party transactions

The Company has taken advantage of the exemption from Financial Reporting Standard 8 'Related Party Disclosures' (FRS 8) not to disclose transactions with Trading Emissions Plc and its group undertakings. The amount due to Trading Emissions Plc at the year-end is shown in note 6.

No contract of significance existed at any time during the year in which the Director was materially interested or which requires disclosure as a related party transaction as defined under FRS 8.

The Director did not receive any fees from the Company during the year (2014: £nil).

13. Ultimate parent

The ultimate parent company is Trading Emissions Plc, a company incorporated and domiciled in the Isle of Man. Copies of financial statements of Trading Emissions Plc are available on its website at www.tradingemissionsplc.com.