

Carbon Trade Exchange Limited

Company No. 09621635

Directors' Report and Unaudited Accounts

31 December 2023

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Carbon Trade Exchange Limited
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Carbon Trade Exchange Limited
Company Information

Directors

L.A. Barton

W. Sharpe

Registered Office

Maplewood Beeches Road

Farnham Common

Slough

England

SL2 3PR

Accountants

Cartwheel International Limited

Jhumat House

160 London Road

Barking

London

IG11 8BB

Carbon Trade Exchange Limited

Directors Report

Principal activities

The principal activity of the company during the period under review was global buying and selling of carbon credits by companies and brokers for offsetting CO2 emission. As the sole global licensee of CTX the company acquires members for support trading on the Carbon Trade Exchange (CTX) trading platform and also acts as an Over The Counter (OTC) principal party broker as and when required.

Directors Report

Carbon Trade eXchange Limited (CTX) changed financial year in early 2023 to December 31st to align with the global carbon markets and in particular competitors.

Carbon Credit Inventory listed on CTX has doubled since January 2023 as of beginning March 2024 at over 6.6 Million Credits from more than 50 countries, from 310+ projects valued at \$13.5 Million+ when sold equates to over \$945,000 (£780,000) in fees.

Over 120 new members paid to join CTX in the period of this report and over 75 members paid to renew their accounts for another year, despite CTX waiving renewals on another 52 to encourage trading activity. CTX has more members than any other Carbon exchange.

In the European Fintech Awards in June 2023, CTX was a Finalist in FOUR Categories, and Won THREE: Diversity and Inclusion – Rising Star (Jennifer Shung – Global Head of Trading) and Innovator of the Year (Wayne Sharpe – CEO).

In the 2022 and 2023 years CTX was the only Carbon exchange to report a profit, despite reductions in revenue in 2023, and a very depressed industry sector worldwide. Trading activity across the entire industry was depressed for most of 2023 due to multiple impacts, and a virtual tsunami of negative media surrounding the second largest Verra VCS project in Zimbabwe triggered multiple large scale end buyers in Europe to withdraw from offsetting completely, which in turn impacted many mid-size clients of CTX who resell credits to them. A significant number of new well-funded CTX competitors created much 'noise', and at the same time various new bodies cast questions of the 'integrity' of the market as whole - despite their principles trading many the same credits as we already do, at higher prices.

To counteract this CTX focused on smaller brokers and the low-cost credits we can exclusive trade, including UNFCCC CDM CERs. So, the number of transactions has remained stable but lower volume and prices. CTX also introduced many new features on its platform including the Biodiversity Symbol and the Integrity Council for the Voluntary Carbon Market (ICVCM) symbol for "Core Carbon Principles approved".

CTX has downsized staff due to natural attrition and reduced operational costs where possible, the contraction allows profitability without negative performance impacts.

After a series of strategic technology upgrades CTX is perfectly positioned to take advantage of the increased opportunities with Global ESG reporting regulations in 2024 and beyond.

Directors

The Directors who served at any time during the period were as follows:

L.A. Barton

W. Sharpe

The above report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime as set out in Part 15 of the Companies Act 2006.

Signed on behalf of the board



W. Sharpe

Director

18 March 2024

Carbon Trade Exchange Limited

Accountants Report

Accountant's Report to the Board of directors of Carbon Trade Exchange Limited on the preparation of the unaudited statutory accounts for the period ended 31 December 2023

In order to assist you to fulfill your duties under the Companies Act 2006 and in accordance with your instructions, we have prepared for your approval the financial statements of Carbon Trade Exchange Limited for the period ended 31 December 2023 set out on pages 5 to 17 from the company's accounting records and from information and explanations you have given us.

You consider that the company is exempt from an audit for the period ended 31 December 2023. You have acknowledged, on the balance sheet, your responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts. These responsibilities include preparing financial statements that give a true and fair view of the state of affairs of the company at the end of the financial period and of its loss for the period.

We have not carried out an audit or a review of the financial statements Carbon Trade Exchange Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



Mahmudul Hasan Talukdar
Senior Manager

For and on behalf of Cartwheel International Limited
Jhumat House
160 London Road
Barking
London
IG11 8BB
UK

18 March 2024

Carbon Trade Exchange Limited
Profit and Loss Account
for the period ended 31 December 2023

	2023	2022 (Restated)
	£	£
Turnover	3,904,271	6,603,407
Cost of Sales	<u>(2,962,187)</u>	<u>(5,745,985)</u>
Gross profit	942,084	857,422
Distribution costs and selling expenses	(9,090)	(26,377)
Administrative expenses	(729,406)	(463,182)
Other operating income	-	27,475
Operating profit	<u>203,588</u>	<u>395,338</u>
Interest payable and similar charges	(1,453)	(1,215)
Profit on ordinary activities before taxation	<u>202,135</u>	<u>394,123</u>
Taxation	<u>(2,054)</u>	<u>(46,404)</u>
Profit for the financial period after taxation	<u><u>200,081</u></u>	<u><u>347,719</u></u>

Carbon Trade Exchange Limited
Statement of Comprehensive Income
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2023

	2023	2022 (Restated)
	£	£
Profit for the financial period after taxation	200,081	347,719
Total comprehensive income for the period	<u>200,081</u>	<u>347,719</u>

Carbon Trade Exchange Limited
Balance Sheet

at 31 December 2023

Company No. 09621635

	Notes	2023 £	2022 (Restated) £
Fixed assets			
Intangible assets	6	280,545	108,676
Tangible assets	7	8,481	17,000
Investments	8	1,750,000	1,750,000
		<u>2,039,026</u>	<u>1,875,676</u>
Current assets			
Debtors	9	724,725	546,950
Cash at bank and in hand		54,748	32,710
		<u>779,473</u>	<u>579,660</u>
Creditors: Amount falling due within one year	10	(130,097)	(217,270)
Net current assets		<u>649,376</u>	<u>362,390</u>
Total assets less current liabilities		<u>2,688,402</u>	<u>2,238,066</u>
Creditors: Amounts falling due after more than one year	11	(376,576)	(126,322)
Provisions for liabilities			
Other provisions		(4,282)	(4,282)
Net assets		<u>2,307,544</u>	<u>2,107,462</u>
Capital and reserves			
Called up share capital		1,000	1,000
Revaluation reserve	13	1,749,999	1,749,999
Profit and loss account	13	556,545	356,463
Total equity		<u>2,307,544</u>	<u>2,107,462</u>

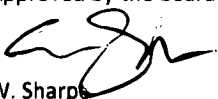
These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime of the Companies Act 2006.

For the period ended 31 December 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

Approved by the board on 18 March 2024 and signed on its behalf by:


W. Sharpe
Director
18 March 2024

Carbon Trade Exchange Limited
Statement of Changes in Equity
for the period ended 31 December 2023

	Share Capital £	Other Reserves £	Retained earnings £	Total equity £
At 1 July 2021	1,000	1,749,999	8,744	1,759,743
Profit for the period			347,719	347,719
At 30 June 2022 and 1 July 2022	1,000	1,749,999	356,464	2,107,463
Profit for the period			200,081	200,081
At 31 December 2023	1,000	1,749,999	556,545	2,307,544

1 General information

Carbon Trade Exchange Limited is a private company limited by shares and incorporated in England and Wales.

Its registered number is: 09621635

Its registered office is:

Maplewood Beeches Road

Farnham Common

Slough

England

SL2 3PR

The accounts have been prepared in accordance with FRS 102 Section 1A - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

Going concern

Management team of the Carbon Trade Exchange have assessed the organisations ability to trade in foreseeable future and concluded that there are currently no events to indicate 'going concern basis' of the organisation would be impacted adversely.

2 Accounting policies

Turnover

Turnover is measured at the fair value of the consideration received or receivable. Turnover is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Intangible fixed assets

Intangible fixed assets are carried at cost less accumulated amortisation and impairment losses.

Tangible fixed assets and depreciation

Tangible fixed assets held for the company's own use are stated at cost less accumulated depreciation and accumulated impairment losses.

At each balance sheet date, the company reviews the carrying amount of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss.

Depreciation is provided at the following annual rates in order to write off the cost or valuation less the estimated residual value of each asset over its estimated useful life:

Freehold buildings	02% Straight line
Plant and machinery	33% Straight line
Motor vehicles	20% Straight line
Furniture, fittings and equipment	20% Straight line

Research and development costs

Expenditure on research and development is written off in the year it is incurred unless it meets the criteria to allow it to be capitalised. Costs of research are always written off in the year in which they are incurred. Where development costs are recognised as an asset, they are amortised over the period expected to benefit from them. Amortisation of the capitalised costs begins once the developed product comes into use, typically at rate of 33.33% straight line.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Freehold investment property

Investment properties are revalued annually and any surplus or deficit is dealt with through the profit and loss account.

No depreciation is provided in respect of investment properties.

Investments

Unlisted investments (except those held as subsidiaries, associates or joint ventures) are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, any changes in fair value are recognised in profit and loss.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Costs, which comprise direct production costs, are based on the method most appropriate to the type of inventory class, but usually on a first-in-first-out basis. Overheads are charged to profit or loss as incurred. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

When stocks are sold, the carrying amount of those stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of stocks to net realisable value and all losses of stocks are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of stocks is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Work in progress is reflected in the accounts on a contract by contract basis by recording revenue and related costs as contract activity progresses.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts.

Trade and other creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Foreign currencies

The functional and presentational currency of the company is Sterling. The accounts are rounded to the nearest pound.

Transactions in currencies, other than the functional currency of the Company, are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. All differences are taken to the profit and loss account. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.

Leased assets

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease.

Leases which do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet date as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs (see the accounting policy above).

Assets held under finance leases are depreciated in the same way as owned assets.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Defined contribution pensions

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

The contributions are recognised as expenses when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

3 Change in length of the reporting period

The length of the reporting period has changed from 12 months to 18 months ending on 31 December 2023 due to strategic board decision to align year end date with other members of the group companies for an improved group reporting purposes.

Carbon Trade Exchange Limited
Notes to the Accounts

4 Items of income or expenses of exceptional size or incidence

	2023	2022
	£	£
Management fees income charged to Global Carbon Registry Limited	207,926	-

5 Employees

	2023	2022
	Number	Number
The average monthly number of employees (including directors) during the period:	7	7

6 Intangible fixed assets

	Goodwill	Develop-ment costs	Total
	£	£	£
Cost			
At 1 July 2022	59,000	101,085	160,085
Additions	-	230,449	230,449
At 31 December 2023	<u>59,000</u>	<u>331,534</u>	<u>390,534</u>
Amortisation and impairment			
At 1 July 2022	41,300	10,109	51,409
Charge for the year	8,850	49,730	58,580
At 31 December 2023	<u>50,150</u>	<u>59,839</u>	<u>109,989</u>
Net book values			
At 31 December 2023	<u>8,850</u>	<u>271,695</u>	<u>280,545</u>
At 30 June 2022	<u>17,700</u>	<u>90,976</u>	<u>108,676</u>

Intangible fixed assets comprises of Purchased Goodwill and capitalised research and development costs for the CTX trading platform related projects which are being amortised over 10 years.

7 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost or revaluation			
At 1 July 2022	-	26,298	26,298
Additions	2,689	855	3,544
At 31 December 2023	<u>2,689</u>	<u>27,153</u>	<u>29,842</u>
Depreciation			
At 1 July 2022	-	9,298	9,298
Charge for the year	654	11,409	12,063
At 31 December 2023	<u>654</u>	<u>20,707</u>	<u>21,361</u>
Net book values			
At 31 December 2023	<u>2,035</u>	<u>6,446</u>	<u>8,481</u>
At 30 June 2022	<u>-</u>	<u>17,000</u>	<u>17,000</u>

8 Investments

	Investment in Subsidiaries £	Total £
Cost or valuation		
At 1 July 2022	1,750,000	1,750,000
At 31 December 2023	<u>1,750,000</u>	<u>1,750,000</u>
Provisions/Impairment		
Net book values		
At 31 December 2023	<u>1,750,000</u>	<u>1,750,000</u>
At 30 June 2022	<u>1,750,000</u>	<u>1,750,000</u>

9 Debtors

	2023 £	2022 £
Trade debtors	289,199	11,221
VAT recoverable	3,480	-
Other debtors	416,344	535,562
Prepayments and accrued income	15,702	167
	<u>724,725</u>	<u>546,950</u>
Amounts included within Other debtors that fall due after more than one year	<u>0.00</u>	<u>533,782</u>

Carbon Trade Exchange Limited
Notes to the Accounts

10 Creditors:

amounts falling due within one year

	2023	2022
	£	£
Bank loans and overdrafts	16,531	12,396
Other loans	1,030	-
Trade creditors	29,157	32,216
Taxes and social security	15,332	52,996
Loans from directors	1,781	105,508
Other creditors	18,569	9,173
Accruals and deferred income	47,697	4,981
	<u>130,097</u>	<u>217,270</u>

11 Creditors:

amounts falling due after more than one year

	2023	2022
	£	£
Bank loans and overdrafts	15,498	29,918
Other loans	259,708	39,973
Amounts owed to group undertakings	101,370	56,431
	<u>376,576</u>	<u>126,322</u>

12 Share Capital

The company has issued 1,000,000 ordinary shares of £0.001 each. All shares is fully allotted and fully paid.

13 Reserves

	Revaluation Reserve	Total other reserves
	£	£
At 1 July 2021	<u>1,749,999</u>	<u>1,749,999</u>
At 30 June 2022 and 1 July 2022	<u>1,749,999</u>	<u>1,749,999</u>
At 31 December 2023	<u>1,749,999</u>	<u>1,749,999</u>

Revaluation reserve - reflects the revaluation of property other than investment properties.

Profit and loss account - includes all current and prior period retained profits and losses.

14 Related party disclosures

Transactions with related parties

Parent Company

The name of the parent of the smallest group for which consolidated financial statements are drawn up of which this entity is a member:

Global Environmental Markets Limited (100%)

The parent's registered office address is:

Mauritius

Carbon Trade Exchange Limited
Detailed Profit and Loss Account
for the period ended 31 December 2023

	2023	2022 (Restated)
	£	£
Turnover	3,904,271	6,603,407
Cost of sales		
Purchases	2,857,739	5,630,407
	<u>2,857,739</u>	<u>5,630,407</u>
Other direct costs		
Commission payable	81,463	105,840
Other direct costs	22,985	9,738
	<u>104,448</u>	<u>115,578</u>
Cost of sales	2,962,187	5,745,985
Gross profit	942,084	857,422
Selling and marketing expenses		
Other selling and marketing costs		
Advertising and PR	3,803	18,545
Entertainment	3,530	-
Exhibitions and promotions	1,757	5,032
Website costs	-	2,800
	<u>9,090</u>	<u>26,377</u>
Distribution costs and selling expenses	<u>9,090</u>	<u>26,377</u>
Other administrative costs		
Employee costs		
Salaries/wages	303,611	164,747
Employer's NIC	54,537	32,456
Pension costs	10,424	6,687
Staff entertainment	28,659	17,966
Staff recruitment	50	11,125
Staff training	349	3,670
	<u>397,630</u>	<u>236,651</u>
Motor and travel costs		
Vehicles - General costs	-	2,470
Vehicles - Leasing and hire costs	8,625	6,926
Travel and subsistence	17,389	25,894
	<u>26,014</u>	<u>35,290</u>
Premises costs		
Rent	37,594	53,434
Light, heat and power	2,953	-
Premises cleaning	8,616	1,347
Premises repairs and maintenance	2,404	4,752
	<u>51,567</u>	<u>59,533</u>

Carbon Trade Exchange Limited
Detailed Profit and Loss Account

General administrative costs, including depreciation and amortisation		
Amortisation	58,580	16,009
Depreciation of plant and machinery	654	-
Depreciation of fixtures, fittings and equipment	11,409	9,061
Exchange rate (gain)/loss	(143)	21,272
Bank charges	4,403	2,623
Charitable donations	100	10,000
General insurances	522	155
Postage and couriers	679	220
Software, IT support and related costs	11,799	404
Stationery and printing	4,619	8,309
Subscriptions	16,227	4,962
Sundry expenses	692	3,715
Telephone, fax and broadband	4,017	2,020
	<u>113,558</u>	<u>78,750</u>
Legal and professional costs		
Accountancy and bookkeeping	12,511	14,774
Consultancy fees	123,351	37,530
Other legal and professional costs	4,775	654
	<u>140,637</u>	<u>52,958</u>
Administrative expenses	729,406	463,182
Other operating income	-	27,475
Operating profit	203,588	395,338
Interest payable and similar charges		
Bank loan and overdraft interest payable	1,453	1,215
	<u>1,453</u>	<u>1,215</u>
Profit on ordinary activities before taxation	202,135	394,123