Carbon Trust Footprinting Certification Company Limited

Fınancıal statements for the perıod from ıncorporatıon on 13 November 2009 to 31 March 2011
together wıth Dırectors' and Audıtors' reports

Regıstered number 07075917

Registered office	6th floor, 5 New Street Square, London EC4A 3BF
Directors:	Harry Morrison - Appointed on 13 November 2009 Myles McCarthy - Appointed on 13 November 2009 David Higham - Appointed on 13 November 2009
Solicitors:	Burges Salmon, Narrow Quay House, Narrow Quay, Bristol BS1 4AH
Bankers	Royal Bank of Scotland plc, 119/121 Victoria Street, London SW1E 6RA
Auditors:	Ernst & Young LLP, 1 More London Place, London SE1 2AF

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Directors' report

The Directors present their annual report on the affairs of the company together with the financial statements and Auditors' report for the period ended 31 March 2011 The financial statements have been prepared on a going concern basis. This Directors' report has been prepared in accordance with section 415 of the Companies Act 2006 and Schedule 5 of the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008

The registered number is 07075917

Principal activities

The company focuses on providing independent certification of the carbon footprints of products and services, in accordance with the requirements of Publicly Available Specification ('PAS') 2050, the Carbon Trust Code of Good Practice for Product Greenhouse Gas Emissions and Reduction Claims, as well as the requirements set out in the Carbon Trust Footprinting Company's Footprint Expert™ guide The certification entitles the company's customers to use the Carbon Reduction Label in association with certified carbon footprints, under licence by the company In addition, the certification activities must also comply with the United Kingdom Accreditation Service ('UKAS') accreditation criteria for certification bodies operating product carbon footprinting Certification systems set out in ISO 14057 2007

The company was incorporated on 13 November 2009 The company is a wholly-owned subsidiary of Carbon Trust Enterprises Limited ('CTEL').

Business review and future prospects

In 2010-11, the company has made good progress in its business building up an international portfolio of customers and completing c 100 certifications during the period To date, the Carbon Trust has certified the carbon footprints in excess of 5,000 individual products (Stock Keeping Units)

Carbon Trust Enterprises Limited invested £400,001 in the company during the period.

In March 2010, the company achieved UKAS accreditation to ISO 14065, enabling it to provide accredited greenhouse gas verification against PAS 2050 and the Carbon Trust Code of Good Practice for Product Greenhouse Gas Emissions and Reduction Claims

In October 2010, following a restructuring of the Carbon Trust group's 'Carbon Now' activities, the company began to work more closely with the Carbon Trust Standard Company and entered into a Service Level Agreement for management and administrative services reflecting the alignment of the Carbon Trust groups certification service companies.

The Company has a growing pipeline of customers and a positive forward order book. In addition the company continues to develop its services to meet the needs of the market including revisions to PAS 2050 and new standards such as the GHG Protocol Product Standard

The Directors are confident that sufficient funds will be available to the business to meet all liabilities for twelve months from the date of this report and so they have prepared the accounts on a going concern basis.

Results and dividends

The audited financial statements for the year from incorporation on 13 November 2009 to 31 March 2011 are set out on pages 9 to 16. The loss for the period after taxation was £197,486 as set out in the profit and loss account on page 9. No dividends were paid or are proposed in respect of the period.

Directors

The Directors of the company during the period were:

Name	Position	Date of appointment	Primary positions held elsewhere as at 31 March 2011
Harry Morrison	Director	13 November 2009	None
Myles McCarthy	Director	13 November 2009	None
David Higham	Director	13 November 2009	None

Directors' responsibilities

United Kingdom company law requires the Directors to prepare financial statements for each financial year which 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report

The Directors are responsible for keeping proper accounting records which 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.

Auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the group's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

The Directors of the company propose that Ernst & Young LLP be appointed as auditors by resolution of the shareholders

By order of the Board,

David Higham
Director
5 July 2011

6th floor
5 New Street Square
London EC4A 3BF

Independent Auditors' report

Independent Auditors' report to the shareholders of Carbon Trust Footprinting Certification Company Limited

We have audited the financial statements of Carbon Trust Footprinting Certification Company Limited for the period from incorporation on 13 November 2009 to 31 March 2011 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, the directors are 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 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of. whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

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 31 March 2011 and of its loss for the period 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.

Independent Auditors' report

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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

Ernst & Young LLP

Richard Wilson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
5 July 2011

Profit and loss account
For the period from incorporation on 13 November 2009 to 31 March 2011

	Notes	Period to 31 March 2011 £
Income		
Turnover		553,551
Cost of sales		(398,043)
Gross profit		155,508
Expenditure		
Administrative expenses	2	(351,975)
Operating loss		(196,467)
Interest receivable		69
Interest payable and similar charges	4	(1,088)
Loss on ordinary activities before taxation		(197,486)
Tax on loss on ordinary activities	5	-
Retained loss for the financial period	9	**(197,486)**

There were no recognised gains or losses other than the loss for the period All results relate to continuing operations.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet
As at 31 March 2011

	Notes	As at 31 March 2011 £
Current assets		
Debtors	6	167,919
Cash at bank and in hand		110,901
		278,820
Creditors: Amounts falling due within one year	7	(75,454)
Net current assets		203,366
Net assets		203,366
Called up share capital	8	400,001
Equity component of convertible loan notes	9	851
Profit and loss account	9	(197,486)
Shareholders' funds	10	203,366

Signed on behalf of the Board

Harry Morrison
Director
5 July 2011

Myles McCarthy
Director

The accompanying notes are an integral part of this balance sheet

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom law and accounting standards.

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

a) Revenue recognition

Revenue is mainly derived from the certification fees charged on daily basis.

b) Other income

Other income represents amounts receivable in respect of intercompany sales and intercompany charges, and is recognised on an accrual basis.

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 balance sheet date

d) Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date when, in the opinion of the Directors, there is a reasonable probability of a liability arising in the foreseeable future Deferred taxation is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

e) Pension costs

The company makes contributions directly to the providers of employees' personal pension plans, which are money purchase schemes Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet

f) Cash flow statement

The company has not prepared a cash flow statement as it is exempt from the requirement to do so under Financial Reporting Standard No.1, being a 100% owned subsidiary where group financial statements are publicly available

Notes to the financial statements

1 Accounting policies (continued)

g) Compound financial instruments

Convertible loan notes are regarded as compound financial instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the Directors' best estimate of the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the company, is included in equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

2 Administrative expenses

The administrative expenses include·

	Period to 31 March 2011 £
Fees payable to the company's auditors for audit services	2,865

The company's incidental operating expenses for the non-audit services of £1,700 payable to the company's auditors are borne by the Carbon Trust

3 Staff costs and Director's remuneration

The aggregate remuneration of staff was:

	Period to 31 March 2011 £
Wages and salaries	304,571
Social security costs	36,219
Pension costs	13,935
	354,725

The average monthly number of employees for the period ended 31 March 2011 was 6 The number of employees as at 31 March 2011 was 6

Notes to the financial statements

3 Staff costs and Director's remuneration (continued)

A management charge of £339,139 in respect of administration costs has been made by Carbon Trust Footprinting Company, and Carbon Trust Standard Company affiliate group companies, which includes the directors' remuneration which it is not possible to identify separately.

4 Interest payable and similar charges

	Period to 31 March 2011 £
Notional interest on convertible loan stocks	851
Bank charges	237
	1,088

5 Tax on loss on ordinary activities

(a) Analysis of corporation tax charge for the period

	Period to 31 March 2011 £
Current tax:	
UK corporation tax on loss for the period	-
Total income tax charge	-

(b) Factors affecting corporation tax for the period

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:

	Period to 31 March 2011 £
Loss on ordinary activities before taxation	(197,486)
Loss on ordinary activities multiplied by the average UK corporation tax company rate of 28%	(55,296)
Net effects of:	
Tax losses carried forward	55,296
Total income tax charge for the period	-

5 Tax on loss on ordinary activities (continued)

There is an unrecognised deferred tax asset of £51,347 as at 31 March 2011 in respect of losses carried forward which are revalued to the future corporation tax rate of 26% 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.

6 Debtors

	As at 31 March 2011 £
Trade debtors	166,262
Sundry debtors	1,657
	167,919

7 Creditors: Amounts falling due within one year

	As at 31 March 2011 £
Trade creditors	131
Tax and social security	70
VAT payables	14,337
Accruals	37,014
Deferred income	15,880
Amounts owed to group undertakings	8,022
	75,454

Notes to the financial statements

8 Called up share capital

	As at 31 March 2011 £
Authorised	
1 ordinary shares of £1 each	1
Authorised, issued and paid	
400,000 ordinary shares of £1 each	400,000
Total issued share capital	400,001

On 26 January 2010, interest-free convertible loan notes with an aggregate value of £150,000 were issued to Carbon Trust Enterprises Limited as investments in the company. On 31 March 2010, the loan notes were converted into 150,000 ordinary shares with a nominal value of £1. A further £250,000 of equity was issued in the 2010-11 financial year

The net proceeds received from the issue of the convertible loan notes were split between a liability element and an equity component at the date of issue, representing the fair value of the embedded option to convert the liability into equity of the company as follows.

	As at 31 March 2011 £
Nominal value of convertible loan notes issued	150,000
Equity component at date of issue	(851)
Liability component at date of issue	149,149
Finance charge on liability component	851
Converted to equity at 31 March 2010	150,000

During the period ended 31 March 2011, the effective interest rate applied to calculate the finance charge on the liability component of loan notes issued during the period was 5.16% - 5 85%

Notes to the financial statements

9 Reserves

	Convertible loan reserve	Profit and loss account	Total
	£	£	£
At incorporation on 13 November 2009	-	-	-
Loss for the period	-	(197,486)	(197,486)
Recognition of equity component of convertible loan notes	851	-	851
At 31 March 2011	851	(197,486)	(196,635)

10 Reconciliation of movement in shareholders' funds

	2011
	£
Shareholders' funds at incorporation on 13 November 2009	-
Retained loss for the period	(197,486)
Shares issued in the period	250,001
Interest-free convertible loan notes issued in the period	150,000
Recognition of equity component of convertible loan notes	851
Shareholders' funds at 31 March 2011	203,366

11 Controlling party

The company's ultimate 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, which is a company limited by guarantee and incorporated in England and Wales. The company's immediate parent is Carbon Trust Enterprises Limited. Its financial statements are available from the company's registered office at 6th floor, 5 New Street Square, London, EC4A 3BF

12 Related parties

Carbon Trust Footprinting Certification Company Limited is exempt from disclosing transactions with other companies within the group headed up by the Carbon Trust under Financial Reporting Standard No.8 due to its 100% ownership and the availability of consolidated financial statements from the registered office of the Carbon Trust

During the period, the company entered into several Service Level Agreements with Carbon Trust Standard Company Limited and Carbon Trust Footprinting Company Limited. The balance outstanding at 31 March 2011 with these companies was £ Nil