The Carbon Trust

Annual Report for the year ended 31 March 2024

Registered number: 04190230

Company information

Registered office:	Level 5, Arbor, 255 Blackfriars Road, London, SE1 9AX
Directors:	Julia King, the Baroness Brown of Cambridge Tom Delay (resigned 31 March 2024) Chris Stark (appointed 29 April 2024) Michael Rea Timon Drakesmith (resigned 25 April 2024) Tim Weller (resigned 14 September 2023) Paul Jefferiss Dorothy Mackenzie Eric Soubeiran Charlotte Beckett (appointed 29 June 2023) Anja Langer Jacquin (appointed 29 June 2023)
Bankers:	HSBC Bank Plc, 69 Pall Mall, London SW1Y 5EY Royal Bank Scotland, Commercial Mid-Market, 250 Bishopsgate, London, EC2M 4AA
Auditors:	Grant Thornton UK LLP, 30 Finsbury Square, London EC2A 1AG

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Overview of Activities

Our mission is to accelerate the move to a decarbonised future by helping businesses, governments, and organisations across the globe to reduce carbon emissions and achieve greater resource efficiency.

Our teams deliver valuable insights into markets and technologies, helping clients and partners raise their ambition and develop tailored solutions to achieve their environmental goals. We design and implement projects and programmes, drawing on our technical expertise acquired through years of practical experience. We lend credibility to our clients through recognising and certifying real sustainability achievements such as science-based targets and carbon reductions.

The Carbon Trust was founded in 2001 and has been at the forefront of environmental sustainability since then, building a substantial knowledge base to accelerate climate change mitigation. Today we operate across a wide range of services, geographies and industries as set out below:

- **Propositions**. Advisory services including environmental target setting, value chain analysis, risk assessment, transition planning, footprinting, assurance, labelling, policy delivery and programme management including collaborative ventures.
- **Countries.** We have offices in the UK, Netherlands, South Africa, Singapore and Mexico and our teams supported clients in almost 50 countries last year.
- **Industry sectors.** Our advice addresses the specific needs of all major sectors including Technology and Media, Consumer Products, Financial Services, Energy and Resources, Infrastructure and Property, Manufacturing and Agriculture.

We employ 406 people, the vast majority of whom are experts in specialist proposition areas. The Carbon Trust is a not-for-dividend company which means we do not have external financial stakeholders and aim to broadly break even in accounting terms. In a year where the Carbon Trust generates a surplus, it would reinvest this amount back into the organisation to strengthen delivery of our mission in future years. In a year where the Carbon Trust generates a loss, cash reserves generated in previous years are used to fund the losses and investments made. For this financial year we have reported a loss before tax of £3.0m as detailed in 'Our Financial Performance' section on page 8, as we have both invested and restructured.

Strategy and medium-term goals

In early 2024 we updated our rolling three-year plan to further our growth and Mission Impact. Society's attitude to climate change has evolved over the last few years as the effects of the global COVID-19 pandemic, regional conflict and elevated inflation have led governments, institutions, corporations and individuals to reassess their priorities. The importance of environmental sustainability and living responsibly has been reinforced, making our services and influence more relevant than ever. However, the consultancy market has been negatively affected by economic and geopolitical uncertainty, which has also influenced a slowdown in the growth of environmental sustainability services.

We will continue to focus on innovation, creating a better operating platform and helping our clients fight climate change. Over the next few years, we aim to continue delivering high-quality projects across the world to a wide range of clients according to our medium-term objectives set out below:

- **Mission Impact.** Extend the reach, innovation and influence of our climate change work. We will assess the associated social benefits of our activities.
- **Brand.** Strengthen our distinctiveness by positioning the Carbon Trust as a catalyst to genuine impact and grow overall brand awareness. Deploy new, high impact, environmentally significant propositions, "breakthrough" ideas and collaborations.
- **People, Systems and Culture.** We will continue to build technical capabilities and knowledge management, whilst maintaining our positive and inclusive culture. Improve productivity as a means of reaching our Mission goals.
- **Financial Performance.** We aim to grow our revenues and achieve a breakeven to modest financial surplus over the next three years. A strong cash balance will be retained to allow us to invest in important Mission relevant capabilities, propositions and innovations.
- **Environmental Performance and Targets.** Maintain our pathway towards attaining our Science Based Targets for 2030 and 2050 Net Zero emissions.

Mission Impact

Mission Impact closely links with our purpose and plays an important role in our culture. This underpins our vision for the future growth of the organisation. Critically, we believe our impact is greatest when we are distinctive. We use our brand, know-how and convening power to make things happen that would not happen otherwise. We consider our Mission Impact in all we do with integrated mission-related objectives in every colleague's aims and performance appraisals, and in deciding which client/partner proposals to prioritise. We have also invested heavily in innovation, seeking to advance concepts that may deliver substantial impact that exceeds growth in staff numbers.

Mission Impact Framework

Our Mission Impact Framework continues to support our strategy, guide resource allocation and direct our operational activities. We have four categories of Mission Impact objectives as set out below –

- Expand the Carbon Trust's reach, breadth and scale by working on a wide portfolio of projects particularly with international clients and partners
- Launch more innovative, high impact, environmentally significant new propositions using our well-established convening power
- Influence ambition in the strategies and actions of governments, businesses and financial institutions. Support ambition in policy development through insight and evidence
- Recognise broader benefits to society and communities beyond decarbonisation. Often our work can support prosperity, education, human rights and other sustainable development goals.

Mission Impact objectives

In the year to 31 March 2024, we successfully delivered mission impact as described below –

- We extended the reach, breadth and scale as shown by increased number of clients, up 5% year on year, and relative importance of our international operations (with year-on-year growth of over 26% in client numbers).
- Innovation has been illustrated through several collaborations such as:
    - ZE-Gen, an accelerator that aims to advance renewable energy-based alternatives in countries that currently depend on fossil fuelled generators. ZE-Gen, led by the Carbon Trust and funded by partners including UK Government and IKEA-Foundation, will enable the replacement of millions of polluting and expensive fossil-fuelled generators by accelerating the transition to renewable energy-based alternatives. It is a collaborative, cross-sector initiative to tackle barriers, accelerate innovation and fund activities to build a thriving, competitive market for alternatives.
    - The Offshore Renewables Joint Industry Programme (ORJIP) PrediCtOr studies the impact of offshore wind farms in the marine environment, to reduce consenting risk for offshore wind farm developments. ORJIP Predictor is a joint industry programme where the Carbon Trust has convened investment from leading renewables developers and energy companies alongside key government funders (UK Crown Estate's Offshore Wind Evidence & Change Programme and a Dutch consenting authority) and critical sector stakeholders, including the British Trust for Ornithology, on the development of a co-ordinated approach for reducing uncertainty surrounding bird collision risk - and therefore reducing consenting risk - for offshore windfarm developments. Its objective is to accelerate the industrialisation and deployment of critical offshore wind capacity by tacking key obstacles, in this case the consenting risk related to bird collision risk. The programme will develop a statistical approach to analysing bird monitoring data from different wind farms and develop best practice for wind farm developers, increasing confidence in monitoring technology and the outcomes of bird monitoring studies.
- We continued to drive ambition of governments, businesses and financial institutions to accelerate the move to a decarbonised future through insight and evidence by publishing a number of insights studies including 'Breaking barriers to Net Zero' report.
- We have developed a new Mission Impact project selection and post-completion assessment tool used internally to improve our ability to measure our influence.
- We have significant evidence of the contribution our work makes to wider society and community benefits through mapping of 100 projects to all 17 of the United Nations Sustainable Development Goals. Once such community benefit has been that the Impembelelo Education Trust in South Africa has been active in student sponsorship during this academic year.

Further information on our Mission Impact and description of individual programmes, clients and employees will be set out in the Carbon Trust's 2024 Impact Report that we plan to publish in Autumn 2024.

International Activities

In March 2024, we announced our intention to withdraw from the China market and close our office in Beijing, including commencing the process to liquidate Carbon Trust (Beijing) Consulting Limited (a 100% owned subsidiary). This was a difficult decision, taken after extensive analysis, and recognises the challenging outlook for sustainability services in mainland China and the complexities of managing local operations from London. We acknowledge the impact of the China team, led by Lijian Zhao, and thank them for their hard-work and commitment, supporting the Carbon Trust and its mission in China. We maintain an important presence in Asia through our Singapore office which was established in 2019. Revenues from South-east Asia grew by 58% in the year to 31 March 2024.

Brand

Brand awareness

Our growing global brand awareness provides a solid foundation to develop our brand. We measure this through our annual brand tracker which tracks responses from 900 organisations across 12 core markets. We have experienced consistent growth in this area with the latest tracker results for 2024 showing 29% brand awareness (2023:25%). We are aiming to sustain our global brand awareness and focus our efforts on converting this awareness into increased brand consideration, by further targeting our offer to priority markets (Europe, Latin America, Africa and Southeast Asia) and sectors (agriculture food and drink, ICT, energy and power, pharmaceutical and chemicals, fashion, infrastructure and sustainable finance).

Catalyst for impact

To build our brand distinctiveness and credibility, our communications have been focusing on tangible impact delivery. We have published 17 impact stories during the year across our key sectors and published the annual Impact report in Autumn 2023. We aim to sustain these strategic communications tools and will publish the next Impact report in Autumn 2024.

People, Systems and Culture

Tom Delay, our long-standing chief executive, retired in March 2024 after 23 years' service to the Carbon Trust and the wider climate mitigation sector. He made an enormous contribution to Mission Impact, the growth of the business, our special culture and the professional development of countless colleagues. After an externally managed search process, we appointed Chris Stark as CEO from April 2024. He joins us with extensive industry and government knowledge, most recently as Chief Executive of the Committee on Climate Change.

In 2024, we continued to develop our employee offer, systems and processes, while also making difficult structural decisions, with direct people impacts. Our headcount was stable year on year at 406 at the end of March (2023: 402). During the year we opened and staffed a new office in Berlin to better support client engagement in the DACH region. As discussed above, we also made the difficult decision to withdraw from the China market, with 11 of the team leaving by early May 2024, and a small team remaining to manage the exit process, and we made some changes in the UK resulting in a small number of redundancies.

The key highlights to support our people included:

- **DE&I vision and strategy launch:** we affirmed our commitment to DE&I, launching our new DE&I vision, strategy and work plan, setting out the areas of focus to enhance and embed our approach to DE&I at the Carbon Trust. Initial focus was on upskilling our leaders and managers, developing a shared understanding and building confidence on which future initiatives can build.

- **Enhancing our learning and development support**: we launched foundation consulting skills training for new joiners and the second stage is in development. Both aim to support consistent, rapid development of core knowledge and skills, improving employee experience and effectiveness. We piloted new approaches to improve feedback on development and career progression at junior levels, for roll out next financial year.
- **Maintaining our flexible approach:** we continue to offer a range of flexibility to colleagues to support improved work-life balance and engagement, including hybrid working; core hours; holiday sale and purchase; and sabbaticals. Uptake and popularity is strong with around 10% of the organisation taking sabbaticals since this policy was introduced in 2022, as well as 92% agreeing that the flexibility supports their wellbeing.
- **Supporting global collaboration, engagement and knowledge sharing:** we invested in our global secondment programme with 12 colleagues from the UK and 7 colleagues from our global offices taking part in the year to improve collaboration and catalyse skills and knowledge sharing. We held our annual mission day, providing a great opportunity for colleagues to focus on our mission, collaborate and learn, and colleagues representing all our international teams attended for the first time since 2019, and led key sessions to enhance global connections and share expertise.

We exceeded our overall target of >40% female representation at management levels, and significantly narrowed the gap in Leadership, improving on prior year. The overall gender balance in the Group is 57% female / 43% male, (55% / 45%: 2023) and a change from our November 2015 baseline of 36% / 64%. Women at leadership levels increased to 39% in March 2024 (from 29% at March 2023), due to a shift in NED composition, including two new female NEDs and the retirement of 1 male NED. At management levels female representation increased further by 2% to 51% (49% 2023, our 2015 baseline of 30%). Information on our Gender Pay Gap is available on our website. Our representation of ethnic minority groups in the UK at March 2024 was 16% overall, with 0% in leadership (versus our 2022 baseline of 0%), 10% at management levels (versus our 2022 baseline of 8%) and 23% in non-management (versus our 2022 baseline of 14%),

We are committed to protecting the physical and mental health, safety and welfare of our employees, contractors and other persons affected by our activities, and providing safe and healthy working conditions. The Board of the Carbon Trust has approved an updated Health, Safety and Environment policy statement and will monitor its implementation. We continue to hold ISO 45001 (Occupational Health and Safety) and 14001 (Environmental Management). Further details are available on our website.

Financial Performance

Carbon Trust has generated full year results in line with the Board's expectations, as set out in the table below. Revenues at £55.1million are 26% higher than last financial year (£43.9 million). There was good Gross Margin (GM) growth of £4.3m to £35 million, which represents a 14% growth on prior year (£30.7 million).

The loss before tax of £3.0 million reflects significant investment in impactful new propositions and innovations to enhance delivery of our mission plus higher employee costs. The main components included in this loss that are outside the day-to-day operations of the business are:

- An impairment cost of £1.9m relating to the write-off of the Digital Solutions Platform previously recognised as an Intangible Asset (Note 11)
- A restructuring provision of £0.3m relating to the decision to close the Beijing office (Note 23)

Excluding these adjustments the business plan for the year to 31 March 2024 included a similar level of operating loss as our key aims have been continued growth and mission impact during the year.

The two large UK business units of Programmes & Innovation and Business Services both increased their GM year on year, as did most of the international operating units. Our operations in Mexico had a positive year in terms of increasing GM above plan and diversifying their client mix. In Singapore, we delivered new impactful programmes and an uplift in GM above the planned target. Our South Africa business experienced lower GM growth than expected but still achieved a modest profit. China had a challenging year with a subdued rate of new sales and underlying operating losses.

Our Group financial performance is illustrated in the summary table set out below.

GROUP FINANCIAL KPIs (YEARS TO 31 MARCH)	2024 (£M)	2023 (£M)	2022 (£M)	2021 (£M)
TOTAL REVENUE[1]	55.1	43.9	37.9	34.5
GROSS MARGIN[1]	35.0	30.7	25.1	21.1
CONSOLIDATED (LOSS)/PROFIT BEFORE TAX [2]	(3.0)	(3.0)	0.1	0.9
GROUP UNRESTRICTED CASH BALANCES[3]	9.9	10.9	16.9	21.4

Our international business delivered £20.5 million of revenue from work delivered outside the UK, representing 37% of our total revenue (2023: £18.1million, 41% of total revenue). We deliver multi-year international programmes for the UK Government like the Transforming Energy Access programme (for the FCDO), which are included in our UK grant income. The Group's major expense is on employee cost which rose to £28.6 million in the year to 31 March 2024 from £25.9 million a year earlier as we continue to invest in our people. The Carbon Trust Group recorded an accounting deficit for the year of £3.4 million (2023: £2.6 million loss) after taxation.

The Group's balance sheet remains strong and at the year-end the net assets were at £19.8million (2023: £23.3million). Cash holdings continued at a satisfactory level with total cash as at 31 March 2024 of £27.9 million (2023: £28.9 million) and unrestricted cash, over which we have complete control, was £9.9million (2023: £10.9million). The legacy investment portfolio has been largely liquidated with a year-end value of only £0.04 million (2023: £0.7 million) as Carbon Neutral Real Estate Fund was wound down by the fund manager. The Digital Solutions Platform intangible asset was fully written off during the year reducing the value of this intangible asset to £nil as of 31 March 2024 (2023: £2.1million).

Outlook

Looking ahead to the coming financial year, the business is in a good position to continue delivering against our mission. We have a strong portfolio of contracted projects in progress, including several multi-year programmes. These enable us to support innovation and selected international growth. We anticipate that revenues will continue to grow in the year to 31 March 2025.

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[1] Revenue in the consolidated statement of comprehensive income on page 29. Gross margin is Revenue less direct Cost of Sales.
[2] See the consolidated statement of comprehensive income on page 29.
[3] See the cash and cash equivalent (note 20) on page 52 for split of cash balances

Environmental Performance and Targets

Our Mission is to accelerate the move to a decarbonised future. While helping our clients and partners achieve this goal is vital, so too is accelerating our own decarbonisation journey.

Streamlined Energy and Carbon Reporting (SECR): The Carbon Trust's total UK energy consumption for the year to the 31 March 2024 is 110,244 kWh (2023: 448,083 kWh), and this includes our three UK offices: London, Cardiff and Edinburgh. This information includes our Scope 1, Scope 2 (location-based) and Scope 3 expensed mileage for petrol and diesel cars. The total carbon emissions (location-based) associated with our reported energy use are 23.11 t CO2e (2023: 84.92), with the following breakdown by Scope:

Emissions and Energy Use

SECR mandatory emissions summary	2024			2023		
Carbon Emissions	**kWh**	**t CO2e**	**per FTE**	**kWh**	**t CO2e**	**per FTE**
Scope 1 emissions (UK Offices) – Natural gas combustion	17,242	3.15	0.01	246,931	45.07	0.12
Scope 2 (location-based) emissions (UK Offices) – Imported electricity	86,429	17.90	0.04	193,167	37.35	0.10
Scope 3 emissions - Expensed mileage for petrol and diesel cars (grey fleet).	6,573	2.06	0.01	7,986	2.49	0.01
Total	110,244	**23.11**	0.06	448,083	84.92	0.22

The reduction in emissions has mainly been driven by moving our London office to a more efficient all-electric building, meaning our London office has no Scope 1 emissions. This has significantly decreased our energy consumption as there is no gas use at this office.

More information on our voluntary emissions summary can be found on page 13 where we detail our full value-chain emissions for our global operations.

Intensity Ratio:

For the year to 31 March 2024 our emissions intensity, measured as the total scope 1, 2 and 3 mandatory SECR emissions relative to the number of full-time equivalents (FTE) is **0.06 tCO2e** (2023: 0.22 tCO2e)

Energy Efficiency actions across our UK offices:

Since moving into our new London head office (Arbor) in April 2023, we have been able to implement several energy efficiency measures. These include, having our London office lights default to off when presence is not detected, with manual intervention required to switch on when needed. Additionally, daylight dimming is utilised to maximise the use of natural daylight. Across the office, our air conditioning units are switched off overnight and at the weekend, further reducing our energy consumption. We will continue to work closely with our landlord to generate further energy efficiency savings.

Science based targets (SBTi):

Our validated SBTi targets are set out below, against a 2018/19 baseline:

- Reduce Scope 1 & 2 Greenhouse Gas (GHG) emissions by 42% by 2030
- Reduce Scope 3 GHG emissions from business travel by 65% per full-time equivalent (FTE) by 2030
- Commit that 56% of our suppliers, by emissions, covering purchased goods and services, will have SBTs by 2026
- Scope 3 SBTs aligned, at a minimum, to a well below 2°C pathway
- Go further by positively influencing our remaining sources of emissions as well as having a positive overall impact through our wider work helping organisations move to Net Zero
- Achieve Net Zero by 2050 with every effort to bring this date forward as more of our supply chain implements SBTs

We are committed to achieving our Net Zero target by 2050 or earlier. This target requires us to reduce our absolute emissions by 90% by the target year from our 2018/19 baseline. We and other organisations are finding this target difficult to achieve in practice as it is focused on reducing scope 1, 2 and 3 emissions by at least 90% (with offsetting playing a role to address the remaining 10% of hard to address emissions). We are keen to share our experiences about what works and does not work as well as learning from others on this journey. Therefore, we outline below some of the challenges and approaches we are putting in place e.g. lack of all electric office space, difficulties convincing other organisations in a supply chain to progress with Science Based Targets and balancing Mission delivery with business travel emissions.

Scopes 1 & 2

We had our first complete year at our new all-electric London head office, and this has helped us exceed our near-term science-based target (SBT) of reducing our Scope 1 & 2 emissions by 42% by 2030 from a 2018/19 baseline. We found a lack of all electric office space available in the London market as we planned our office move. We would like to see the market bringing forward many more all electric buildings so more organisations can address their scope 1 and 2 emissions as early as possible.

The table below demonstrates the energy (both purchased electricity and gas consumption) impact of moving from our old London office (Dorset House) to an all-electric building (Arbor):

Financial reporting Year	Dorset House	Arbor	Total	Total Emissions (t CO2e)
2024	-	61,706 kWh	61,706 kWh	13
2023	399,191 kWh	4,241 kWh*	403,432 kWh	75

**Data is only for one month (March 2023) as this is the first full month of data since moving into Arbor.*

Scope 3

During the year we have continued our work in improving the data quality for our Scope 3 footprint alongside development of the data collection systems for our business travel and supply chain emissions. These components are integral to achieving our near and long-term targets as outlined above. A key change in line with this approach has seen us switch from US-based emissions factors to UK-based ones[4] for better accuracy of our current supply chain. We have restated our baseline below with the new methodology to aid in comparison over time. The core trend is still the same, however, which is that as a fast-growing company, using spend-based emissions factors, we see our emissions footprint fluctuate from year to year because of the variation in the goods and services we are purchasing to deliver on our Mission. Variations will occur particularly in the purchase of pass-through goods and services[5] which are driven by the large grant and partner spend on programmes we are contracted to deliver.

Given our Scope 3 emissions are 99% of our overall footprint we have focussed on requiring and persuading our material suppliers and partners on the need to set SBTs. At the time of writing, we estimate that we have approximately 34% of supply chain emissions covered by SBTs (either committed, publicly communicated or validated) and are making good progress towards our target figure of 56% by 2026. Going forward we plan to move away from emissions factors to supplier-specific or even product carbon footprinting where we are able to. We will begin this approach in the next financial year by focussing on our core suppliers, but we expect the process to take several years as our supply chain improves its data collection and reporting.

Other notable data quality in-year improvements include the introduction and implementation of carbon travel budgets for each of our teams with a focus on air and rail travel as they make up the vast bulk of our travel emissions. We have also implemented new processes and systems to manage and control our travel. We now plan to expand our budgets to include all remaining low materiality business travel (e.g. taxi and bus journeys), as well as our hotel stays. The implementation of carbon budgets is a fundamental step towards reducing our overall business travel emissions and to enable achievement of our 2030 SBT to reduce our business travel emissions by 65% per FTE. We are currently on track to meet this target.

Based on the activities completed in the past financial year, we outline in the table below our emissions including across our material Scope 3 categories from our baseline year (2018/19) to our preliminary 2024 results, updated now to reflect our use of the UK-based emissions factors. These values have been calculated using the Greenhouse Gas Protocol (GHGP) methodology for carbon accounting.

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[4] The US emissions factors come from the University of Arkansas 2007 Open IO (Input-Output) model. We used this data set initially as it was the best data set, we could use at the time. As new data sets have become available over the last year we have moved from the Open IO model to a UK-based bespoke model that uses data from the OECD and GHG national inventories. This data is more accurate for our current supply chain, is updated more regularly and in turn gives us far greater precision in accessing emissions in our supply chain.

[5] Goods & services pass-through purchases are on grant purchases required to deliver grant and partner programmes as well as large government funded programmes. These are classified as ‘Cost of Sales’ in the consolidated statement of comprehensive income on page 29.

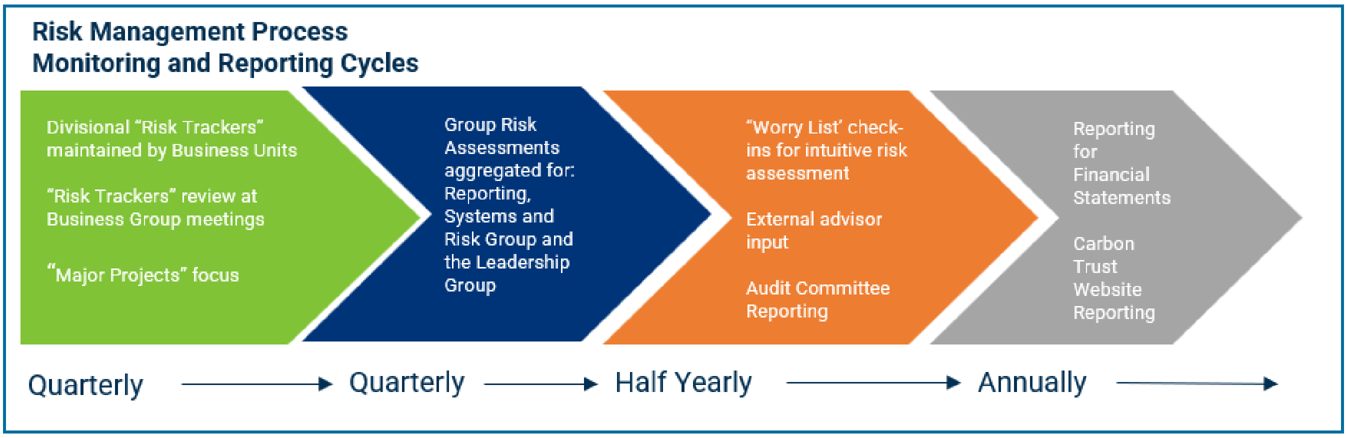
Category	**2024 (tCO2e)**	**2023 (tCO2e)**	**2018/19 *Baseline* (tCO2e)**
Scope 1: Direct Emissions	0	41	29
Scope 2: Indirect Emissions (location-based)	13	34	52
Total Scope 1 & 2 Emissions	**13**	**75**	**81**
Scope 1&2 Emissions intensity by average headcount (tCO2e)	***0.03***	***0.19***	***0.47***
Scope 3: Emissions			
Cat 1b: Purchased goods and services (non-product) pass-through	**1,444**	**2,601**	174
Cat 1b: Purchased goods and services (non-product)	**497**	**1,164**	402
Cat 2: Capital Goods	**0**	**142**	0
Cat 3 - Fuel and Energy Related Services	**3**	**11**	23
Cat 5 - Waste Generated in Operations	**1**	**1**	0
Cat 6 - Business Travel	**345**	**226**	577
Cat 7 - Employee Commuting *(incl. homeworking)*	**155**	**180**	50
Cat 8 - Upstream Leased Assets	**110**	**65**	28
Cat 15 - Investments	**17**	**28**	59
Total Scope 3 Emissions	**2,572**	**4,418**	**1,313**

NB: Any previous years' footprint data published are now superseded by the data in the above table due to the change in emissions factors used. We are working on publishing our interim year footprint data with the new emissions factors in due course. Values are subject to change as our methodology is iteratively developed.

More information on our environmental performance is set out in the Carbon Trust's 2023 Impact Report, and the above information will be covered in more detail in our 2024 Impact Report.

Governance and risk management

The Board takes overall responsibility for the Carbon Trust's internal controls and risk management. Responsibilities for some aspects of corporate governance have been delegated to the Audit and Remuneration Committees. The Board adopts policies and instructions for controlling all perceived risks and these are supplemented by detailed processes, policies and guidelines within the Group. The Reporting Systems and Risk (RSR) Committee supports the Board in this work by discussing, steering and monitoring these issues and preparing materials to support decisions by the full Board.



The Risk Management process is illustrated in the diagram below:

In the first block of the diagram above, the business units refresh their risk trackers, and these are discussed and debated at quarterly Business Update meetings with the Executive Directors. The "Major Projects" focus includes programmes like FCDO TEA and international expansion.

All the divisional and project risk assessments are brought together for review at two sessions – the RSR Committee and a Group Leadership meeting as set out in the second block. The RSR Committee meets on a quarterly basis to identify, address, and implement controls to mitigate group-wide risks. The Group Leadership includes the Executive Directors and Business Unit Directors and meet monthly to discuss key operational and strategic decisions. The Group Leadership reviews the risks, discusses appropriate controls, and agrees on a final Risk Register each year.

In the third block, we have a 'Worry List' session which is light touch, intuitive way of capturing new concerns. This also informs the annual Risk Register.

Finally, in the fourth block we deliver board and external reporting to communicate our process, potential exposures and mitigating actions.

Principal risks and opportunities

The Board considers the matters outlined below to be the principal risks and uncertainties that could adversely impact the Carbon Trust Group's operations, our strategy for diversified growth and our ability to deliver against our mission to accelerate the move to a decarbonised future. Sitting alongside these risks there are also new opportunities for growth. Tackling climate change continues to be a key priority for governments, institutions and businesses across the world. Global events such as the continued war in Ukraine, the cost-of-living crisis and recession being experienced in many countries, as well as some de-prioritisation of climate-related issues in certain countries, represent challenges to our work and mission

Risk Register Category	Potential Exposures and Negative Impact on Business Plan	Key Mitigation and Controls
Market downturn	• Reduced funding and support from key partners and clients diminish pipeline of work • Election cycles could affect major programmes • Increase in external investment in the sustainability sector creates more competitors and pricing pressures	• Development of new, innovative propositions; diversification of clients and sectors; and investment in major strategic initiatives
People risk	• Challenges in recruitment and retention in certain business units • Stretched capacity of experts in key industries and propositions • Behaviours inconsistent with the Carbon Trust's Values	• Mission-focus and flexibility are key mitigator in terms of retention and ability to retain people • Recruitment executed swiftly to support growth and mitigate staff turnover • Better management of career progression, performance feedback, including enhanced development process and competency framework • Focus on shared values and behaviours
Damage to Brand and Reputation	• Loss of trust in our work resulting in brand / reputational damage • Association with stakeholders who make inappropriate environmental claims causing reputational problems. • Regulatory frameworks create risk which could impact our reputation, ability to sell our services and deliver impact.	• Clear controls which manage the acceptance of new assignments, client selection and delivery of work • Review of communications to minimise risk of carbon reduction overclaims and other pitfalls. • Use of specialist external support in key jurisdictions around green claims and relevant regulations • Use of experts in accreditation to ensure compliance with new regulatory regimes • Management oversight of proposition development
Low sales intensity and productivity creates financial pressures	• Potential under investment in new, market relevant propositions due to competing demands and management stretch	• Frequent analysis of specific market and sector trends to ensure our propositions are compelling and priced appropriately.

	• Following a period of rapid growth, challenges in establishing an efficient, productive sales and delivery organisation at scale. • Failure to match our cost base and central service resource to business needs and growth.	• Evolution of refreshed propositions and services to ensure competitive positioning. Monthly KPIs reviewed by business unit leadership and Group executive committee. • Financial controls and forecasting to focus on managing low margin projects and discretionary expenses. • Close monitoring of cashflow and reserve levels
Legal, contractual or regulatory issues	• Contractual claims in an increasingly scrutinised market. • Risk of financial and / or reputational damage • Regulatory breach relating to change in laws around green claims or other key areas of compliance such as data protection and information security • Regulatory changes that may impact our client propositions	• Greater in-house, senior capabilities and specialist external support in key jurisdictions and areas such as labelling and green claims • Enhanced policies covering contracting process project execution • Increased formal documentation and controls covering legal and regulatory areas including data compliance
Impaired Mission Impact	• Insufficient investment in new ideas, brand and propositions reduces our Impact • Loss of distinctiveness affects our impact, retention of people and revenues	• Mission Impact Framework and new tools rolled out to help evaluate opportunities, prioritise and maintain consistency and relevance • Project closure process to include Mission Impact Assessment for all significant assignments • New Group Impact Report to be published in Autumn 2024 • Consistent communication of striking Impact Stories
Information, data security and AI challenges	• Customer or our own data or systems are lost, made publicly available, corrupted or compromised by cyber or other attack • Contractual or compliance breach, damages reputation, causes stress for relevant team and impacts on our ability to sell work	• Customer and internal data protected by multiple backup, antivirus and ransomware systems • Data written to long term backups "immutable", preventing ransomware attacks

	• Substitution of our advisory services by AI offerings • Missed opportunity by not harnessing relevant technologies	• Regular backup tests are performed, and annual report card presented to management frequently • Annual external security audit by specialist consultants to achieve Cyber Essentials certification • Regular programme to keep core business applications up to date to minimise security risks • New AI/Chat GPT policies and training rolled out this year
Climate risks	• A detailed Climate Risk and Opportunities review undertaken highlighted risks as outlined in detail on page 18.	• The Group's climate risk and opportunities review is discussed in the next section.
Emerging risks	• Negative social, technological (including AI), demographic or health trends	• Management and Board Review. Use of 'worry list' and advisors' input • Risk Management 'horizon scanning' processes

Climate risk and opportunities review

Our current Risk Register above includes an overarching risk of climate change. This year, we have broken it down further, by conducting a tailored climate-related risks and opportunities assessment.

With a mission to accelerate the move to Net Zero, we consistently push our clients to achieve best-in-class sustainability performance. We recognise that this commitment applies to our own business too. To that end, we are on a journey to reduce our own environmental impact and mitigate the risks to our business in face of the climate emergency and conduced our first assessment in line with our TCFD recommendations[6]. This is a key step in our journey to Net Zero, and we will keep building on our understanding and management of climate-related risks and opportunities and monitor the upcoming developments in climate-related disclosures, such as the ISSB[7].

The assessment was designed with the intention to involve Business Unit Directors, Finance, CEO, and the Board, and for the outputs to feed directly into the annual review of the Risk Register. This allows us to ensure climate-related risks and opportunities are integrated with our traditional risk management practices. Two members of our Climate Risk and Strategy Advisory team[8] were appointed to assess the climate-related risks and opportunities. They conducted a workshop with Business Unit Directors to identify climate-related risks and opportunities for the organisation, score them for Likelihood and Financial Materiality, and discuss controls.

[6] The Taskforce on Climate-related Financial Disclosures (TCFD)'s set of recommendations on assessing companies' climate-related risks and opportunities, and disclosing the associated governance, strategy, risk management, and metrics & targets. https://www.fsb-tcfd.org/.

[7] The IFRS's newly developed International Sustainability Standards Board (ISSB), inclusive of two reporting standards for organisations to disclose sustainability information. The TCFD has been fully incorporated into the ISSB, but organisations can choose to continue reporting against the TCFD recommendations if they do not legally have to comply with the ISSB. https://www.ifrs.org/groups/international-sustainability-standards-board/.

[8] A team in Carbon Trust Advisory Limited (a subsidiary company of the Group) that specialises in providing technical and strategic advice to clients on climate-related risks and opportunities assessment and scenario analysis.

This resulted in the Climate-related Risk and Opportunities Register below which was reviewed by the Finance Director before being approved by the Board. This process will be repeated every year, and further expanded to include quantitative financial impact calculations with scenario analysis.

Strategy

Our climate-related risks and opportunities assessment covered both the physical and transition aspects of climate change. Following the process outlined above we developed a Climate-related Risks and Opportunities Register, where each risk/opportunity was categorised by TCFD category, description of risk control, and overarching risk score. The overarching risk score was the average score (High: 3; Medium: 2; Low: 1) of Likelihood (our assessment of the likelihood of the risk/opportunity occurring between now and 2050) and Financial Materiality (our assessment of the total potential financial impact of the risk/opportunity). These scores were assigned based on a qualitative assessment. In future iterations of this exercise, we will build on this assessment by conducting scenario analysis to assess the financial impact of risks and opportunities in at least two climate scenarios in the short, medium, and long term. The Register includes eight risks/opportunities, and below we include the highest-scoring transition risk, physical risk, and opportunity. The full list will be available in the 2004 Impact report.

TCFD category	Description	Control	Score
Transition risk	The global move to Net Zero leads to higher competition and reduced market share, through: > Faster emergence of new trends (e.g. ISSB, TNFD, geoengineering, transition finance) and consequent need to keep up > Emergence of new consultancies and existing consultancies' move into the ESG space > Clients developing capabilities in-house	> Implement proactive trend-monitoring practices > Continuous growth and training for our sales and delivery teams > Partner with other professional services providers to safeguard intellectual property and cultivate industry collaborations > Further establish our unique selling proposition as technical experts	High
Opportunity	The global move to Net Zero leads to higher demand, through: > Growing corporate ESG ambitions > Higher governmental and philanthropic funding for Net Zero > Emergence of new markets (e.g. for adaptation services)		High
Physical risk	Failure to mitigate climate change, and consequent climate breakdown, impairs our ability to operate, through: > Power cuts > Need to temporarily relocate > Damage to assets and reparation costs > Higher heating and/or cooling costs	> Conduct thorough forward-looking risk assessments > Develop a robust emergency response plan > Secure appropriate insurance coverage > Enable remote work options > Regular testing and clear communication protocols to enhance readiness and resilience	Medium

Metrics and Targets

In 2023, the Science Based Targets initiative officially validated our Net Zero by 2050 target, discussed on page 11. Through this target, we express our commitment to deep and rapid emissions cuts across both our operations and our extended value chain. We monitor and assess progress in meeting the above targets, through an annual assessment of Scope 1 and 2, and Scope 3 emissions to understand the progress against those. We will review and refine these targets and consider adding specific ones for climate-related risks and opportunities management, alongside developing corresponding metrics to assess progress effectively.

Section 172 (1) statement

The Board of Directors has acted in a way that they consider in good faith, to be most likely to promote the success of the Carbon Trust whilst at the same time having regard for the interests of our customers, our people, our partners and suppliers and the wider communities in which we operate and to ensure that we maintain a reputation for high standards of business conduct, integrity and excellence.

The Board recognises our key stakeholders, being our customers, our people, our partners and suppliers and the communities in which we operate, and believes in the importance of the following:

- The likely consequences of any decision in the long term, including in respect of the development of the Group’s strategy and the ability to remain agile in a rapidly changing and developing sector;
- The interests of the company's employees, including in respect of mental health and well-being, inclusion and professional development through recruitment, maintaining an open and honest culture, staff surveys and feedback opportunities, and the establishment of focus groups;
- The need to foster the Group’s business relationships through collaboration with suppliers, customers and partners and to engage with and work with new clients and sectors and to promote and challenge the ambitions of such key stakeholders;
- The impact of the company's operations on the community and the environment through the work we do, the culture of the Group and the development of internal policies and principles including the setting of the Group’s Science Based Target and Net Zero Target, HSE, Modern Slavery Statement and Procurement;
- The desirability of the Group maintaining a reputation for excellence and high standards of integrity; and
- The need to act fairly as members of the company.

Further details on how the Board considers its stakeholders can be found in the Director’s Report on pages 20 to 23.

By order of the Board,

Micheal Rea

Micheal Rea
COO
23 July 2024

Directors' Report

Directors' Report

The directors present their annual report together with the financial statements and Auditors' report for the year ended 31 March 2024. Some of the matters to be dealt with in this report have been included in the strategic report found on pages 4 to 19.

Principal activities

The Carbon Trust is the parent company of the Carbon Trust Group. The Group's mission is to accelerate the move to a decarbonised future.

We work with businesses, governments and organisations around the world supporting them to realise ambitious plans for a sustainable, low carbon future. Our services primarily involve environmental consultancy including with offshore wind, energy systems, target setting, assurance of carbon and environmental impacts, and programme design/management. Over many years our work in climate change and sustainability has led to The Carbon Trust becoming a recognised global leader in this field. Further information on our strategy, business performance and our direct environmental impact may be found in the strategic report on pages 4 to 19.

Directors

During the year ended 31 March 2024 and up until the date of this report, the directors of the Carbon Trust were:

Name	Position	Date of appointment/date of resignation
Julia King, the Baroness Brown of Cambridge	Chair	Appointed 16 July 2018
Tom Delay	Chief Executive	Appointed 13 July 2001 Resigned 31 March 2024
Chris Stark	Chief Executive	Appointed 29 April 2024
Michael Rea	Chief Operations Officer	Appointed 1 April 2008
Timon Drakesmith	Chief Financial Officer	Appointed 20 July 2020 Resigned 25 April 2024
Tim Weller	Deputy Chair	Appointed 19 June 2007 Resigned 14 September 2023
Paul Jefferiss	Director	Appointed 16 May 2001
Dorothy Mackenzie	Director	Appointed 28 November 2012
Eric Soubeiran	Director	Appointed 1 February 2020
Charlotte Beckett	Director	Appointed 29 June 2023
Anja Langer Jacquin	Director	Appointed 29 June 2023

Results and reserves

The Group reported a loss after tax of £3.4m (2023: £2.6m loss) as discussed in the Strategic Report above. It has £19.8m of net assets (2023: £23.3m) as detailed in Consolidated statement of financial position, on page 29.

The Group's financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The audited financial statements for the year ended 31 March 2024 are set out on pages 29 to 60.

The Carbon Trust is a limited by guarantee company with no shareholders so is not able or not permitted to pay a dividend which is prohibited in the company's articles of association.

Going concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the Group's business activities and strategy as well as the risks to the Group and the applicable controls. The board has considered the longer-term viability of the Group, reviewing this over a 12-month period from the date of signing and taking into consideration the 3-year strategic plan as outlined on page 4. The business activities of the Group are reviewed by the Board each year in a full business planning process and thereafter considered on a regular basis to ensure the plan accurately reflects the position of the Group.

To assess the Group's viability, management performed scenario analysis where 3 revenue scenarios were considered – base case, downside case and reverse stress case.

The base case scenario was modelled on the 3-year strategic plan approved by the Board where the following key assumptions are built into the plan:

- Gross Margin is projected to grow by 6% in the next financial year and 5% thereafter.
- A small growth in headcount is anticipated year on year.
- A future investment of £1m per annum in Digital spend is planned.

A downside scenario was considered where:

- The gross margin per annum is 20% lower than the base case gross margin per annum.
- To minimise the impact of this revenue decline there would be no headcount additions during the 3 years as well as a further decline in headcount each year due to natural attrition.
- There would also be a reduction in non-payroll related expenditure across all 3 years.

In both the base and downside cases the Board concluded that there would be sufficient reserves available to operate for the 12-month period following the date of signing.

In the reverse stress case, it is assumed that no new revenue is generated and only existing contracted revenue obligations are fulfilled. There would be an immediate decline in headcount of 27.5% in year 1 increasing in future years. In such a scenario the Group would be able to continue operating until December 2024 before liquidity becomes significantly constrained. The board do not believe that to be a reasonably possible scenario.

The Board has considered the 3 revenue scenarios prepared by management and are informed by available sector based economic forecasts which stress-test the Group's ability to manage its cash position, in exceptional economic circumstances to flex resource to meet client demand and deliver against its mission. Based on these multiple scenarios and their divergence from the Group's revenue and expenditure forecasts developed as part of the business planning process, as well as the unrestricted group reserves available to the company, the Board is satisfied that the Group has adequate resources to operate for the foreseeable future and considers it appropriate for the group to adopt a going concern basis in preparing its financial statements.

Political and charitable contributions

The Group did not make any charitable or political contributions during the year.

Disclosure concerning employment of disabled persons

The Group has during the financial year;

a) given full and fair consideration to applications for employment made by disabled persons, having regard to their aptitudes and abilities
b) continued the employment of, and arranged appropriate training for, employees of the Group who have become disabled persons during the year and
c) otherwise continued the training, career development and promotion of disabled persons employed by the Group.

Directors' indemnity

The company has in place directors' and officers' liability insurance, which gives appropriate cover for legal action taken against the directors. The company has also granted indemnities to the directors and the company secretary in respect of certain losses and liabilities to third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provisions remain in force as at the date of this report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic and 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 FRS 102 '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 and group 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;
- state whether applicable UK Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

Directors' Report

The directors, acting in accordance with section 172 of the UK Companies Act 2006, have taken into account the views and interests of a wide set of stakeholders, including customers and partners, the wider community and our people and consider such stakeholders' interests when making decisions as further detailed in the s172 (1) statement above. The directors, acting in accordance with section 414C of the UK Companies Act 2026, have included certain items due to their strategic importance within the Strategic Report found on pages 4 to 19 which ordinarily would be included within the Directors Report.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information, of which the company's 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 company's 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.

To the best of our knowledge:

- the Group financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report and directors' report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board,

Micheal Rea

Micheal Rea
COO
23 July 2024

Independent Auditor's report

Independent auditor's report to the members of the Carbon Trust

Opinion

We have audited the financial statements of the Carbon Trust (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in total funds, the company statement of changes in total funds, the consolidated statement of cash flows 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 group's and the parent company's affairs as at 31 March 2024 and of the group's and the parent company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 group and the parent 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the impact of inflation and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 22, 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 group's and the parent 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 group or the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the parent company and the group and sector in which it operates through our commercial and sector experience; making enquiries of management and those charged with governance; and inspection of the parent company's and the group's relevant external correspondence. We corroborated our enquiries through inspection of board minutes and other relevant information obtained during the course of the audit.

- Through the understanding that we obtained, we determined the most significant legal and regulatory frameworks including United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; the Companies Act 2006; and the relevant taxation legislation.
- We assess the susceptibility of the parent company's and the group's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to the estimates and judgemental areas with a risk of fraud including potential management bias; of recognition of revenue arising from significant contracts that remained open at the end of the year and through management override of controls.
- Our audit procedures included:
  - Gaining an understanding of the controls that management has in order to prevent and detect fraud;
  - Journal entry testing, with a focus on journals indicating large or unusual transactions or unusual account combinations based on our understanding of the business;
  - Gaining an understanding of and testing significant identified related party transactions; and
  - Performing audit procedures to consider the compliance of disclosures in the financial statements with the applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with audit engagements of similar nature and complexity through appropriate training and participation;
  - Knowledge of the sector in which the parent company and the group operates;
  - Understanding of the relevant legal and regulatory frameworks specific to the parent company and the group including: the provisions of the applicable legislation; and the applicable statutory provisions.
- Communications within the audit team in respect of potential non-compliance with laws and regulations of fraud including the estimates and judgemental areas with a risk of fraud, including potential management bias, of recognition of revenue arising from significant contracts that remained open at the end of the year and through management override of controls in the preparation of the financial statements.
- 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.

Independent 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

Stephen Dean BA(Hons) FCA DChA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
23/7/2024

Consolidated statement of comprehensive income
As at 31 March 2024

	Notes	31 March 2024 £000	31 March 2023 £000
Revenue	6	55,061	43,854
Cost of Sales		(20,094)	(13,178)
Gross Margin		**34,967**	**30,676**
Expenditure	7	(36,543)	(33,590)
Operating loss		**(1,576)**	**(2,914)**
Finance income	8	628	217
Finance costs	9	(2,088)	(333)
Loss before tax		**(3,036)**	**(3,030)**
Tax (charge)/credit on loss	11	(337)	468
Loss for the year		**(3,373)**	**(2,562)**
Total comprehensive deficit for the year		**(3,373)**	**(2,562)**

The accompanying notes on pages 35 to 60 form part of these financial statements.

Consolidated statement of financial position
As at 31 March 2024

	Notes	31 March 2024 £000	31 March 2023 £000 Restated
Non-current assets:			
Intangible assets	12	-	2,153
Property, plant and equipment	13	1,456	1,799
Financial assets – investment portfolio	14	39	698
Interest free loans receivable	17	7	65
Total non-current assets		**1,502**	**4,715**
Current assets:			
Interest free loans receivable	17	58	129
Trade and other receivables	18	12,912	11,414
Accrued income	19	4,632	3,528
Cash and cash equivalents	20	27,866	28,898
Total current assets		**45,468**	**43,969**
Total assets		**46,970**	**48,684**
Current liabilities:			
Trade and other payables	21	(12,740)	(12,170)
Deferred income	22	(13,728)	(12,835)
Total current liabilities		**(26,468)**	**(25,005)**
Provisions for liabilities	23	(723)	(415)
Total liabilities		**(27,191)**	**(25,420)**
Net assets		**19,779**	**23,264**
Funds:			
Members' fund	25	-	-
Retained earnings	25	19,775	23,148
Translation reserve	25	4	116
Total funds		**19,779**	**23,264**

Signed on behalf of the board

Brown of Cambridge

Baroness Brown of Cambridge, Chair

23 July 2024

Micheal Rea

Micheal Rea COO

23 July 2024

Registered number: 04190230

The accompanying notes on pages 35 to 60 form part of these financial statements.

Company statement of financial position
As at 31 March 2024

	Notes	31 March 2024 £000	31 March 2023 £000
Non-current assets:			
Intangible assets	12	-	2,153
Property, plant and equipment	13	1,376	1,740
Financial assets - investment in subsidiaries	16	5,907	9,537
Interest free loans receivable	17	7	65
Total non-current assets		**7,290**	**13,495**
Current assets:			
Interest free loans receivable	17	58	129
Trade and other receivables	18	6,193	6,608
Accrued income	19	1,428	-
Cash and cash equivalents	20	17,559	16,524
Total current assets		**25,238**	**23,261**
Total assets		**32,528**	**36,756**
Current liabilities:			
Trade and other payables	21	(8,491)	(10,038)
Deferred income	22	(8,151)	(8,484)
Total current liabilities		**(16,642)**	**(18,522)**
Provisions for liabilities	23	(351)	(354)
Total liabilities		**(16,993)**	**(18,876)**
Net assets		**15,535**	**17,880**
Funds:			
Members' fund	25	-	-
Retained earnings	25	15,535	17,880
Total funds		**15,535**	**17,880**

Signed on behalf of the board

Brown of Cambridge

Baroness Brown of Cambridge, Chair
23 July 2024

Micheal Rea

Micheal Rea, COO
23 July 2024

Registered number: 04190230
The accompanying notes on pages 35 to 60 form part of these financial statements.

Consolidated statement of changes in total funds
For the year ended 31 March 2024

	Retained earnings £000	Translation reserve £000	Total members' funds £000	Total funds £000
At 31 March 2022	**25,710**	**71**	**25,781**	**25,781**
Loss for the year	(2,562)	-	(2,562)	(2,562)
Currency translation differences arising in year	-	45	45	45
At 31 March 2023	**23,148**	**116**	**23,264**	**23,264**
Loss for the year	(3,373)	-	(3,373)	(3,373)
Currency translation differences arising in year	-	(112)	(112)	(112)
At 31 March 2024	**19,775**	**4**	**19,779**	**19,779**

Company statement of changes in total funds
For the year ended 31 March 2024

	Retained earnings £000	Total members' funds £000	Total funds £000
At 31 March 2022	**19,888**	**19,888**	**19,888**
Loss for the year	(2,008)	(2,008)	(2,008)
At 31 March 2023	**17,880**	**17,880**	**17,880**
Loss for the year	(7,845)	(7,845)	(7,845)
Dividend received	5,500	5,500	5,500
At 31 March 2024	**15,535**	**15,535**	**15,535**

Consolidated statement of cash flows
For the year ended 31 March 2024

	Notes	31 March 2024 £000	31 March 2023 £000
Cash flow from operating activities			
Loss for the financial year		(3,036)	(3,030)
Adjustments:			
• Change in fair value of investment portfolio and interests accounted for using the equity method	9	140	293
• Adjustment for dividends received from investments	8	(18)	(37)
• Depreciation of property, plant and equipment	13	380	122
• Write-off/disposal of property, plant and equipment	13	45	-
• Amortisation of intangible assets	12	242	156
• Write-off of Intangible Assets	12	1,911	-
• Interest receivable (net of bank charges)	8 & 9	(573)	(140)
• Movement in loans & other working capital balances		(1,707)	(1,107)
• Movement on deferred income	22	893	3,863
• Tax (charge)/credit	11	(337)	468
Cash (outflow)/ inflow from operations		**(2,060)**	**588**
Cash flow from investing activities:			
• Bank interest received (net of bank charges)	8 & 9	573	140
• Purchase of intangible fixed assets	12	-	(1,220)
• Purchase of property, plant and equipment	13	(82)	(1,730)
• Net receipts from disposal of investments	14	519	-
• Dividends received from investments	8	18	37
• Transfer from Liquid investments		-	8,500
Cash inflow from investing activities		**1,028**	**5,727**
(Decrease)/ increase in cash and cash equivalents		**(1,032)**	**6,315**
Cash and cash equivalents at the start of the year		28,898	22,583
(Decrease)/ increase in cash and cash equivalents		(1,032)	6,315
Cash and cash equivalents at the end of the year	20	**27,866**	**28,898**

The Group holds no debt and so does not include a net debt statement.

Notes to the financial statements

1 Company information

The Carbon Trust ('the company') is a company registered in England and Wales (registered number 04190230) limited by guarantee incorporated in the United Kingdom under the Companies Act 2006. Its registered office is Level 5, Arbor, 255 Blackfriars Road, London, SE1 9AX. The nature of the group's operations and its principal activities are set out in the strategic report on pages 4 to 19.

2 Basis of preparation

The consolidated financial statements for the year to 31 March 2024 on pages 29 to 60 comprise the financial statements for the company and its subsidiaries (together referred to as 'the group'). The company and consolidated 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 pounds sterling and all values are rounded to the nearest one thousand pounds except where otherwise indicated.

The group paid £150,000 (2023: £149,000) and the company paid £100,000 (2023: £100,000) to its auditors in respect of the audit of the financial statements of the company, see note 7 for the breakdown. Fees paid to Grant Thornton UK LLP for non-audit services to the company itself are not disclosed for the Carbon Trust as group financial statements are prepared which are required to disclose such fees on a consolidated basis.
Directors' remuneration is disclosed in note 10.

Going Concern

In adopting the going concern basis for preparing the financial statements, the directors have considered the Group's business activities and strategy as well as the risks to the Group and the applicable controls. The board has considered the longer-term viability of the Group, reviewing this over a 12-month period from the date of signing and taking into consideration the 3-year strategic plan as outlined on page 4. The business activities of the Group are reviewed by the Board each year in a full business planning process and thereafter considered on a regular basis to ensure the plan accurately reflects the position of the Group.

To assess the Group's viability, management performed scenario analysis where 3 revenue scenarios were considered - base case, downside case and reverse stress case:
The base case scenario was modelled on the 3-year strategic plan approved by the Board where the following key assumptions are built into the plan:

- Gross Margin is projected to grow by 6% in the next financial year and 5% thereafter
- A small growth in headcount is anticipated year on year
- A future investment of £1m per annum in Digital spend is planned

A downside scenario was considered where:

- The gross margin per annum is 20% lower than the base case gross margin per annum.
- To minimise the impact of this revenue decline there would be no headcount additions during the 3 years as well as a further decline in headcount each year due to natural attrition.
- There would also be a reduction in non-payroll related expenditure across all 3 years.

In both the base and downside cases the board concluded that there would be sufficient reserves available to operate for the 12-month period following the date of signing.

In the reverse stress case, it is assumed that no new revenue is generated and only existing contracted revenue obligations are fulfilled. There would be an immediate decline in headcount of 27.5% in year 1 increasing in future years. In such a scenario the Group would be able to continue operating until December 2024 before liquidity becomes significantly constrained. The board do not believe that to be a reasonably possible scenario.

The Board has considered the 3 revenue scenarios prepared by management and are informed by available sector based economic forecasts which stress-test the Group's ability to manage its cash position, in exceptional economic circumstances to flex resource to meet client demand and deliver against its mission. Based on these multiple scenarios and their divergence from the Group's revenue and expenditure forecasts developed as part of the business planning process, as well as the unrestricted group reserves available to the company, the Board is satisfied that the Group has adequate resources to operate for the foreseeable future and considers it appropriate for the group to adopt a going concern basis in preparing its financial statements. For further information refer to the directors' report on pages 20 to 23.

Company – 'the Carbon Trust'

The group financial statements consolidate the financial statements of the Carbon Trust ('the company') and all its subsidiary undertakings to the 31 March 2024. The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The company received dividends of £5,500,000 (2023: £nil) from its subsidiary company 'Carbon Trust Enterprises Limited' during the year. The company's loss for the year after dividends was £2,345,000 (2023: £2,008,000 loss). The company has also adopted the following disclosure exemptions: the requirement to present a statement of cash flows and related notes.

3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Carbon Trust and its group subsidiaries as at 31 March 2024.

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved where the group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual company financial statements. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the parent’s share of components previously recognised in other comprehensive income; and
- reclassifies the parent’s share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

4 Key judgements and estimates

In preparing these financial statements to conform to Generally Accepted Accounting Practice and by applying the group’s accounting policies, management are required to use judgements in applying estimates and assumptions which affect the reported amounts. The items in the financial statements where these judgements and estimates have been made include:

(i) Revenue

Assessing the stage of completion of a long-term contract requires judgement to be based on a range of factors, including but not limited to, progress milestones achieved, costs incurred relative to total expects costs, and an assessment as to whether milestones and or costs are representation of progress. In addition, estimates may in the passage of time not be proved to be correct and may impact the recognition of revenue, costs, profits, and provision for losses on contracts.

(ii) 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 the International Private Equity and Venture Capital (IPEVC) guidelines, the management 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 considered, 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 carrying value of investments is compared to the group’s share of the enterprise value, taking into account of variations in securities rights to preferential returns. The enterprise value used in the fair value review is calculated on the Value in Use ('VIU') basis, being the discounted pre-tax cash flows of the investee companies. The assumptions used are further discussed in note 14 and their sensitivities discussed in note 25.

(iii) Contingent assets – interest in deferred consideration

The company makes judgements as to the likelihood of deferred consideration becoming due from the development of onshore wind farm sites. These take into consideration planning risk, technical feasibility risk, grid connection risk and financial risk.

(iv) Interest free loans receivable

Management has made judgement that a provision for impairment of loan receivables is established when the group will not be able to recover all amounts owed. The is detailed in section 5(j) which outlines the accounting policy for a recognition of an impairment provision.

(v) Deferred Tax

Management has made judgement as to the probable future profits in its various subsidiary companies when considering recognition of deferred tax assets relating to tax losses.

5 Accounting policies

The group's accounting policies applied in preparing the consolidated financial statements for the year ended 31 March 2024 are set out below.

a) Foreign currency

i) Foreign currency transactions

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. Balances outstanding at 31 March are translated at the year-end exchange rate, with unrealised differences recognised in the statement of comprehensive income.

ii) Financial statements of foreign operations

For presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to sterling at the exchange rate prevailing at the reporting date. Income and expenses of foreign operations are translated at average exchange rates in the period in which they arise. Exchange differences arising on retranslation are recognised directly in other comprehensive income and are shown as a separate component of other comprehensive income.

b) Turnover

Revenue is recognised to the extent it is probable that the economic benefits will flow to the group and revenue can be reliably measured.

- Revenue is measured at the fair value of the consideration received or receivable excluding discounts, rebates, value added taxes and sales taxes.
- Revenue represents amounts receivable in respect of services provided or fees net of VAT and sales taxes.
- Revenue on services provided is recognised on a percentage completion basis and is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.
- Long-term contracts are included in turnover based on sales value of work performed during the year by reference to the total contract value and stage of completion of these contracts. The amount by which revenue is more than payments on account is included in debtors as accrued income. Payments more than recorded revenue are included in creditors as deferred income.

Grant income represents non-competitive funding from government departments, Non-Departmental Public Bodies (NDPBs) and philanthropies. Grant income is recognized based on the accruals model in accordance with FRS 102 section 24.4.

The following conditions must be met before revenue is recognised:

- **Grant income relating to revenue** is recognised in the statement of comprehensive income to match with the expenditure which it is funding. Where grant income is received in advance of the related expenditure being incurred, it is treated as deferred income and held in the Statement of financial position. The deferred income is released to the statement of comprehensive income when the related expenditure is incurred.

- **Where grant income is contracted, but has not yet been received in cash when the related expenditure is incurred**, the grant is recognised on the statement of financial position as accrued income

c) Operating leases

Amounts payable in respect of operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

d) Pension costs

The group makes contributions directly to the providers of employees' defined contribution personal pension plans, which are money purchase schemes. Contributions are charged to the statement of comprehensive income when payable. Differences between contributions payable in the period and contributions actually paid are shown either as accruals or prepayments in the consolidated statement of financial position.

e) Research and development

Research and development expenditure is written off as incurred unless the expenditure has been capitalised to the extent they meet the recognition criteria of an Intangible asset (see note g) below).

f) Income tax

The group's income is taxed under normal principles, except for grant income, where the company has an agreement with Her Majesty's Revenue and Customs that grant income is not subject to tax. Similarly, no tax deduction is available for expenses funded out of grant income. Income tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

g) Intangible assets

Intangible assets consist of:

- *website development costs*. This asset does not have an infinite life, it is assessed as having a useful economic life of four years and will therefore be amortised on a straight-line basis over its expected useful life. This is measured at cost less accumulated amortisation and accumulated impairment losses.
- *Digital solutions Platform*. This asset became 'available for use' in the prior financial year and it was planned to be amortised over a 10-year life in accordance with FRS102 where if an entity is unable to make a reasonable estimate of the useful life of the asset it should assume a life that does not exceed 10 years.

During the financial year the group's directors assessed whether there are any indicators of impairment in the financial year and it was found that the Digital solution Platform could no longer be classified as an intangible asset with the result that the asset was fully impaired. The website development costs have now also been fully amortised.

h) Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation and any accumulated impairment losses. Depreciation commences when the asset is brought into use and is calculated over their expected useful lives using the straight-line method. It is provided as follows:

- Fixtures and fittings (including Office Fit-out) – five years;
- Office equipment and computers – three years;

i) Financial assets – investment portfolio

(i) Recognition and measurement

Investments are recognised or derecognised when the purchase or sale of the investment becomes unconditional. The group manages its investment portfolio with a view to realising the future value of the investments and the receipt of dividends.

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. All unlisted investments are held at fair value by applying the IPEVC valuation guidelines.

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

(ii) Income and losses

Investment income arises from the sale of investments within the 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 end of the accounting period. These are included within finance costs or income as appropriate in the statement of comprehensive income.

j) Interest free loans

Loans made under the Energy Efficiency Loans Scheme are classified as concessionary loans. These loans are measured as the amount paid to third parties and are shown in the statement of financial position.

Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the value of estimated future cash flows.

k) Trade receivables

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

l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash held at bank with immediate access and bank deposits with maturities of three months or less.

m) 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 the goods and services are receivable by the group. Where the group 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.

n) Provision for liabilities

- The group recognised a provision for annual leave accrued by employees as a result of services rendered in the current reporting period and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary costs payable for the period of absence.
- The group recognised a restructuring provision because of the decision to close the China entity that was agreed during the year. This is for the redundancy costs that will be payable to employees of the entity.

o) Deferred tax

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 timing differences. Deferred tax assets are only recognised to the extent that it is probable that they can be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing 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 are 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 the statement of comprehensive income, 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 with debtors. Deferred tax assets and 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 its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously

6 Revenue

Revenue is analysed below

	31 March 2024 £000	31 March 2023 £000
Commercial income	42,347	36,009
Grant income	12,714	7,845
Total revenue	**55,061**	**43,854**

Revenue by clients' geography

	31 March 2024 £000	31 March 2023 £000
United Kingdom	34,610	25,761
Overseas	20,451	18,093
Total revenue	**55,061**	**43,854**

Grant income received is the cash funding received from the following funders during the financial year for multi-year programmes. Funding that is not spent in the financial year it was received is recognised as Deferred Income.

Grant income spent is the funding recognised as revenue in the financial year for project work completed, irrespective of the financial year the funding was received.

	Grant Income received 31 March 2024 £000	Grant Income spent 31 March 2024 £000	Grant Income received 31 March 2023 £000	Grant Income spent 31 March 2023 £000
FCDO	8,165	(11,527)	7,722	(5,785)
IKEA Foundation 1 (PREO)	(67)	(501)	657	(1,088)
IKEA Foundation 2 (DGEN)	-	(347)	588	(133)
IKEA Foundation 3 (PREO2)	1,075	(133)	-	-
FCDO PACT	217	(205)	471	(802)
Other Grants	1	(1)	39	(37)
Total	**9,391**	**(12,714)**	**9,477**	**(7,845)**

7 Analysis of expenditure

Included in expenditure:

	31 March 2024 £000	31 March 2023 £000
Depreciation of property, plant and equipment	380	122
Amortisation of intangible assets	242	156
Research and development expenditure	619	510
Operating lease rentals	1,281	976
Net foreign exchange losses	115	53

During the year the group obtained the following services from the company's auditor and paid fees:

	31 March 2024 £000	31 March 2023 £000
Fees payable to the company's auditor: company's annual accounts	100	100
Audit fees payable to the company's auditor and its associates: subsidiaries	50	49
Audit-related assurance services and other assurance services -*	10	32
Taxation services	44	31

For Audit-related assurances services in the table above £10,000 was payable to a company that is not the company's auditors (2023: £25,000). For Taxation services £2,000 was payable to a company that is not the company's auditors (2023: 4,000).

8 Finance income

	31 March 2024 £000	31 March 2023 £000
Bank interest	610	180
Dividend income	18	37
	628	**217**

9 Finance costs

	31 March 2024 £000	31 March 2023 £000
Change in fair value of investment portfolio (see note 14)	140	293
Write-off of Intangible Assets	1,911	-
Bank charges and interest expense	37	40
	2,088	**333**

10 Staff costs and directors' remuneration

	31 March 2024 £000	31 March 2023 £000
Wages and salaries	24,202	21,729
Social security costs	2,976	2,827
Pension costs	1,464	1,336
	28,642	**25,892**

The average number of Carbon Trust group employees over the year (including executive directors) was 408 (2023: 391). The number of group employees as at 31 March 2024 was 406 (2023: 402).

The staff costs include the following in respect of the highest paid director:

	31 March 2024 £000	31 March 2023 £000
Highest paid director:		
Emoluments	379	423

The remuneration of the executive directors, who are the key management personnel of the group, was as follows:

	31 March 2024 £000	31 March 2023 £000
Executive directors:		
Emoluments	836	934

The remuneration of the non-executive directors was as follows:

	31 March 2024 £000	31 March 2023 £000
Non-executive directors:		
Emoluments	132	102
Total directors' emoluments	**968**	**1,036**

No directors receive contributions to pension schemes.

11 Tax

a) Analysis of tax charge/(credit) for the year:

	31 March 2024 £000	31 March 2023 £000
Current tax:		
Overseas Tax	115	(54)
RDD Claim	(60)	(54)
Total current tax	**55**	**(108)**
Deferred tax:		
Adjustment to tax in respect of prior years	9	-
Current year	273	(360)
Total deferred tax	**282**	**(360)**
Total income tax charge/(credit)	**337**	**(468)**

b) Factors affecting tax charge for the year

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

	31 March 2024 £000	31 March 2023 £000
Loss on ordinary activities before taxation	(3,036)	(3,030)
Loss on ordinary activities multiplied by the **2023 U**K corporation tax company rate of 25% (2023: 19%)	(759)	(576)
Effects of:		
Expenses not deductible for tax purposes	13	1
Non-taxable income	(5)	(7)
Effect of unrecognised deferred tax	1,059	439
Tax rate changes	-	(218)
Research and development (RD&D) tax credits	(60)	(54)
Tax due to non-controlling interest & JV	8	7
Overseas tax	72	(60)
Adjustment in respect of prior years	9	-
Total income tax charge/(credit)	**337**	**(468)**

c) Deferred tax

	31 March 2024	31 March 2023
	£000	£000
Adjustment to tax in respect of prior years	9	-
Deferred tax charge/(credit)	273	(360)
Total deferred tax charge/(credit)	**282**	**(360)**

A deferred tax asset of £0.8m (2023: £1.1m) is recognised through the subsidiary company Carbon Trust Advisory Limited as it is probable it will have sufficient future taxable profits available to enable a deferred tax asset to be recovered (see note 18).

There is an additional unrecognised deferred tax asset of £6,151,995 (2023: £5,019,633) as at 31 March 2024 in respect of losses carried forward which are revalued to the future corporation tax rate of 25% (2023: 25%). This deferred tax asset has not been recognised on the basis that there is insufficient evidence, in the group companies it is held in, of taxable profits arising in the future against which it can be recovered.

12 Intangible assets

The group and the company

	Website:	Digital solutions Platform:	Total
	£000	£000	£000
Cost			
At 1 April 2023	317	2,150	2,467
Impairment	-	(2,150)	(2,150)
At 31 March 2024	317	-	317
Amortisation			
At 1 April 2023	(237)	(77)	(314)
Charge for the year	(80)	(162)	(242)
Impairment	-	239	239
At 31 March 2024	(317)	-	(317)
Net book value at 31 March 2024	**-**	**-**	**-**
Net book value at 31 March 2023	**80**	**2,073**	**2,153**

The group's intangible assets consist of website development costs and a Digital solutions Platform. The directors have assessed the probability of future economic benefits, based on reasonable and supportable assumptions about conditions that will exist over the life of the asset.

As at 31 March 2024 the group's directors have assessed whether there are any indicators of impairment and concluded that the Digital solutions Platform can no longer be deemed an intangible asset and as a result was fully impaired in accordance with FRS 102.

The website is now fully amortised.

13 Property, plant and equipment

The group

	Fixtures and fittings £000	Office equipment and computers £000	Total £000
Cost			
At 1 April 2023	1,865	496	2,361
Additions	79	3	82
Disposals	(2)	-	(2)
Write off	(43)	-	(43)
At 31 March 2024	1,899	499	2,398
Depreciation			
At 1 April 2023	(128)	(434)	(562)
Charge for the year	(338)	(42)	(380)
At 31 March 2024	(466)	(476)	(942)
Net book value at 31 March 2024	**1,433**	**23**	**1,456**
Net book value at 31 March 2023	**1,737**	**62**	**1,799**

The company

	Fixtures and fittings £000	Office equipment and computers £000	Total £000
Cost			
At 1 April 2023	1,833	324	2,157
Additions	28	-	28
Write off	(44)	-	(44)
At 31 March 2024	1,817	324	2,141
Depreciation			
At 1 April 2023	(116)	(301)	(417)
Charge for the year	(327)	(21)	(348)
As 31 March 2024	(443)	(322)	(765)
Net book value at 31 March 2024	**1,374**	**2**	**1376**
Net book value at 31 March 2023	**1,717**	**23**	**1,740**

At the 31 March 2024 the gross carrying value of fully depreciated property, plant and equipment still in use by the group was £422,198 (2023: £126,962).

14 Financial assets – investment portfolio

The group

Financial assets relate to equity investments held as part of the group's venture capital portfolio, which are classified as 'fair value through profit and loss' in accordance FRS 102.

	31 March 2024	**31 March 2023**
	£000	**£000**
Equity investments	39	698

The movement in the value of the equity investments during the year is as follows:

	2024	**2024**	**2024**	**2023**
	£000	**£000**	**£000**	**£000**
	IPEVC	Net asset basis	Total	Total
At 1 April 2023	-	698	698	991
Redemption of Units in CNRE LP	-	(519)	(519)	-
Change in fair value recognised using net assets	-	(140)	(140)	(293)
At 31 March 2024	**-**	**39**	**39**	**698**

No additions were made in the year. All unlisted investments are held at a fair value using IPEVC valuation guidelines except for the Carbon Neutral Real Estate Limited Partnership (CNRE LP). During the year the Carbon Trust Neutral Real Estate LP (CNRE LP), of which the company holds a 0.53% economic interest (2023: 0.53%), received 100% investor redemption requests. As a result, the settlement of redemption requests was suspended, and a plan was prepared and executed relating to the orderly sales of all the assets held by the partnership. As at the 31st March all 6 property assets held by the partnership have been sold and funds relating to these have been remitted to investors. The group received distribution proceeds of £518,917 (2023: £nil) with a final distribution of £38,943 received in May 2024.

15 Interests accounted for using the equity method

The group's interests in joint ventures in the year to 31 March 2024 were as follows:

	31 March 2024 Holding %	31 March 2023 Holding %	Country of incorporation
Sackville LCW (GP) Limited	33.3	33.3	England and Wales

At 31 March 2024 the group's principal interests and share of post-tax results in joint ventures, which were directly and indirectly held and included in the consolidated financial statements, are as follows:

	31 March 2024 £000	31 March 2023 £000
Total interests accounted for using the equity method	-	-
Total share of joint ventures' profits	-	-

Sackville LCW (GP) Limited (Sackville)

The group, through its subsidiary Carbon Trust Enterprises Limited (CTEL), held a net investment of £50 (2023: £50), being 33.3% (2023: 33.3%) of Sackville, a joint venture established with Stanhope plc and Threadneedle Property Investments Limited. CTEL's subsidiary, Carbon Trust Advisory Limited (CTA), works with the joint venture.

16 Subsidiaries

The following represent the significant subsidiaries of the group and company.

	% Holding 2024	% Holding 2023	Country of incorporation and registration
Directly held:			
Carbon Trust Enterprises Limited (CTEL)	100	100	England and Wales
Carbon Trust Investments Limited (CTIL)	100	100	England and Wales
Carbon Trust International Limited (CTInt)	100	100	England and Wales
Indirectly held:			
Carbon Trust Advisory Limited (CTA)	100	100	England and Wales
Carbon Trust Assurance Limited	100	100	England and Wales
Carbon Trust (Beijing) Consulting Limited	100	100	China
Carbon Trust Africa (Pty) Ltd.	90	100	South Africa
Carbon Trust Europe BV	100	100	The Netherlands
Carbon Trust Mexico S.A de C.V.	100	100	Mexico
Carbon Trust Singapore Pte, Ltd	100	100	Singapore
Carbon Trust Germany Gmbh	100	100	Germany

All subsidiaries of the group have a year end of 31 March except for Carbon Trust (Beijing) Consulting Limited and Carbon Trust Mexico S.A. de C.V whose year-end is 31 December.

The company

	Total 2024 £000	Total 2023 £000
Cost:		
At 1 April	59,139	59,139
At 31 March	**59,139**	**59,139**
Provisions for impairments:		
At 1 April	(49,602)	(49,392)
Impaired during the year	(3,630)	(210)
At 31 March	**53,232**	**(49,602)**
Net book value:		
At 31 March	**5,907**	**9,537**

The company holds an investment of £1 in its subsidiary company, CTIL, which acquires and holds venture capital investments. The company holds an investment of £57.0m (2023: £57.0m) in CTEL which has a carrying value of £5.7m at 31 March 2024 (2023: £9.3m) and an investment of £2.1m in CTInt (2023: £2.1m), which has a carrying value of £0.2m (2023: £0.2m) at 31 March 2024. This represents 100% of the ordinary issued share capital of these companies.

CTEL also owns equity in the following group companies, which represents 100% of their ordinary issued share capital:

CTA - £10.4m (2023: £10.4m): via one fully paid ordinary share of £1 valued at £5.2m (2023: £5.2m), which provides sustainability and other advisory consultancy services

Carbon Trust Assurance Limited - £4.8m (2023: £4.8m): via one fully paid ordinary share of £1 valued at £0.3m (2023: £0.3m), which focuses on providing organisations with certification of their performance in taking action to reduce their carbon emissions and water and waste usage, with the endorsement of the Carbon Trust Standards.

CTInt acts as a holding company for the Carbon Trust group's investments in overseas businesses. CTInt own equity in the following group companies which represents 100% of the ordinary issued share capital of these companies:

- an investment of £884,000 (2023: £884,000) in Carbon Trust (Beijing) Consulting Limited
- an investment of £233,379 (2023: £233,379) in Carbon Trust Africa (Pty)
- an investment of £1 (2023: £1) in Carbon Trust Europe BV
- an investment of £1 (2023: £1) in Carbon Trust Singapore Pte. Ltd
- an investment of £196,601 (2023: £196,601) in Carbon Trust Mexico S.A. de C.V. representing 99.8% of the total registered share capital. The remaining share capital is held by CTIL.

In the year to 31 March 2024 the value of these investments are held at £196,603 (2023: £196,603) in the books of CTInt.

17 Interest free loans receivable

The group and the company

	31 March 2024 £000	31 March 2023 £000
Non-current loans	7	65
Current loans	58	129
	65	**194**

Loan receivables comprise balances due under the group's interest free Energy Efficiency Loans Scheme, which are held at cost less bad debts as described in note 5(j). At 31 March 2024 the gross value of interest free loans receivable is £0.2m (2023: £0.3m). Loans are concessionary interest free loans. The loans are made to finance energy efficient equipment replacement with the principal repayable from the derived savings in energy bills.

The repayments received from loans during the year of £0.1m (2023: £0.2m) are restricted for reuse in Wales.

18 Trade and other receivables

The group

	31 March 2024 £000	31 March 2023 £000 Restated
Trade and other receivables	11,354	9,868
Prepayments	753	459
Deferred Tax Asset	805	1,087
	12,912	**11,414**

The company

	31 March 2024 £000	31 March 2023 £000
Trade and other receivables	2,508	1,794
Amounts owed by group undertaking	3,116	4,457
Prepayments	569	357
	6,193	**6,608**

19 Accrued income

The group

	31 March 2024 £000	31 March 2023 £000 Restated
Commercial accrued income		
* Accrued Income on commercial contracts	3,128	3,117
Grant accrued income		
Overseas Development Aid programme delivery contracts	-	80
FCDO TEA	1,428	-
FCO PACT	76	331
	4,632	**3,528**

* In the year to 31 March 2023 Accrued Income of £3,117k was included in the Trade and other receivables note. This has been restated in the current year to include it with the Accrued Income note (previously only included Grant Accrued Income).

The company

	31 March 2024 £000	31 March 2023 £000
Grant accrued income		
FCDO TEA	1,428	-
	1,428	**-**

20 Cash and cash equivalents

Cash and cash equivalent balances held at year end are analysed in the tables below:

The group

	31 March 2024 £000	31 March 2023 £000
Carbon Trust unrestricted funds	9,853	10,944
Carbon Trust group balances restricted for reuse in low carbon technology investments	886	1,151
Carbon Trust group balances restricted for reuse in Wales	2,649	2,521
Cash received in advance of costs being paid (restricted funds)	14,478	14,282
	27,866	**28,898**

Included in the balance is cash equivalents of £14.5m (2023: £9.75m) relating to cash on deposit with a maturity of less than 3 months. The remaining balance is cash in bank with immediate access.

The company

	31 March 2024 £000	31 March 2023 £000
Carbon Trust unrestricted funds	4,209	2,174
Carbon Trust group balances restricted for reuse in Wales	2,649	2,521
Cash received in advance of costs being paid (restricted funds)	10,701	11,830
	17,559	**16,525**

Included in the balance is cash equivalents of £14.5m (2023: £4.5m) relating to cash on deposit with a maturity of less than 3 months. The remaining balance is cash in bank with immediate access.

21 Trade and other payables

The group

	31 March 2024 £000	31 March 2023 £000 Restated
Trade payables	3,017	2,837
Other taxes and social security	1,543	838
Accruals	8,180	8,495
	12,740	**12,170**

The company

	31 March 2024 £000	31 March 2023 £000
Trade payables	2,159	2,282
Amounts owed to group undertakings	825	2,400
Accruals	5,507	5,356
	8,491	**10,038**

Notes to the financial statements

22 Current deferred income

The group

Deferred income relates to receipts in advance of the related costs being incurred. It is made up as follows:

	31 March 2024 £000	31 March 2023 £000 Restated
Commercial deferred income		
Offshore Wind corporate partners	7,037	5,643
* Other Commercial contracts	5,640	2,119
Grant deferred income		
IKEA Foundation 1 (PREO)	-	637
IKEA Foundation 2 (ZGEN)	109	455
IKEA Foundation 3 (PREO2)	942	-
FCDO	-	1,912
Overseas Development Aid programme delivery contracts	-	2,069
	13,728	**12,835**

* In the year to 31 March 2023 Deferred Income of £2,119k was included in the Trade and other payables note. This has been restated in the current year to include it in the Current deferred income note (previously only included Grant and Partner Deferred income).

The company

Deferred income relates to receipts in advance of the related costs being incurred. It is made up as follows:

	31 March 2024 £000	31 March 2023 £000
Commercial deferred income		
Offshore Wind & other corporate partners	7,037	5,480
Other	63	-
Grant deferred income		
FCDO	-	1,912
IKEA Foundation 1 (PREO)	-	637
IKEA Foundation 2 (ZGEN)	109	455
IKEA Foundation 3 (PREO2)	942	-
	8,151	8,484

23 Provision for liabilities

The group

	Holiday accrual £000	Restructure accrual £000	Total 31 March 2024 £000	Total 31 March 2023 £000
At 1 April 2023	**415**	**-**	**415**	**588**
Amount raised	395	328	723	415
Amount used	(415)	-	(415)	(588)
At 31 March 2024	**395**	**328**	**723**	**415**

The company

	Holiday accrual £000	Total 31 March 2024 £000	Total 31 March 2023 £000
At 1 April 2023	**354**	**354**	**569**
Amount raised	351	351	354
Amount used	(354)	(354)	(569)
At 31 March 2024	**351**	**351**	**354**

Holiday accrual is proportional to the payroll cost of vacation days due to employees which have yet to be taken. Provisions are used when the obligation is triggered: holiday accrual when vacation is taken.

The restructure accrual relates to the redundancy payroll costs estimated for employees of Carbon Trust (Beijing) Consulting Limited due to the planned closure of the entity. The provision will be triggered once employment has been terminated.

24 Financial risk management and financial instruments

Financial risk factors

i) Foreign currency risk

At the present time the group's exposure to foreign currency risk is limited. Revenues are mostly contracted in sterling or the international subsidiary's domestic currency, and non-domestic receipts are converted upon receipt into local currency. Non-sterling contracts (excluding international subsidiary's domestic currency contracts) are primarily limited to contracts in US$, Japanese Yen, and Euro. Exposure to international subsidiaries' net assets is minimal.

ii) Interest rate risk

The group's income and operating cash flows are substantially independent of changes in market interest rates. Its interest rate risk is limited to interest earned on cash balances.

The group earns interest income at variable rates on its cash balances. The interest income is sensitive to changes in interest rates receivable on cash balances. For example, based on the year-end balances for cash and cash equivalents £27.9m (2023: £28.9m), a 1% increase in the interest rate would have resulted in an additional £0.28m of interest income (2023: £0.29m) on an annualised basis.

iii) Credit risk

The group's principal financial assets are cash balances, interest free loan receivables, trade and other receivables and venture capital investments. All the cash balances held by the group are invested with large financial organisations.

The main credit risk the group faces is in relation to its Energy Efficiency Loan Scheme. This risk is actively managed with formal credit checking procedures at customer acquisition, and allowances for impairment are made where appropriate. Our bad debt provisioning policy is restricted to provide for loans in administration and where, in the opinion of management, recovery is not possible.

The maximum risk that the group is exposed to is limited to the carrying value of the non-repayable loan receivable balances at 31 March 2024.

The movement in the provision for impairment for loans receivables is as follows:

	31 March 2024	31 March 2023
	£000	£000
At 1 April	128	539
Release of provision	(1)	(31)
Write off debts due from dissolved companies against specific provision	(28)	(380)
At end of year	**99**	**128**

As at 31 March 2024 the analysis of loans receivable were as follows:

	31 March 2024	31 March 2023
	£000	£000
Gross value of loans	164	322
Less provision for past due and impaired	(99)	(128)
Net value of loans	**65**	**194**

iv) Liquidity and cash management

The group's commercial activity is subject to commercial credit risk and liquidity of trade receivables. The remainder of Carbon Trust activity is grant funded in advance and has limited liquidity and cash flow risk. The group has some of its own funds generated from commercial profits, investment sales and loan repayments that are held for future reinvestment.

Cash levels are monitored to ensure sufficient resources are available to meet the group's requirements. Cash surpluses are placed on term deposits to manage liquidity whilst optimising the rate of return on cash resources, giving due consideration to risk.

v) Equity price risk

The group is exposed to fluctuations in the fair value of its venture capital portfolio through its income statement because of changes in the outcome of the valuation guidelines applied per note 5(i).

The company is subject to fluctuations in its subsidiary's valuations, depending on the assumptions underlying the impairment review. A 5% change in profit margin in future year, without any mitigating actions would result in an £0.03m change in the impairment, and a 5% increase in the discount rates would result in an £0.03m decrease in the impairment.

vi) Capital risk management

As a company limited by guarantee, the company is unable to distribute funds to its members and any profits are reinvested in the business. Due to the activities of the group, there is no current general business need for any borrowings. As such, the capital risk management policy of the group is limited to liquidity management and compliance with any restrictions included under the terms of the grant offers.

vii) Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and liability are disclosed in note 5 to the financial statements.

		31 March 2024		31 March 2023
	Book value £000	Fair value £000 Restated	Book value £000	Fair value £000
Financial assets				
Trade & other receivables	11,354	11,354	9,868	9,868
Accrued income	4,632	4,632	3,528	3,528
Interest free loans receivable	65	65	194	194
Cash and cash equivalents	27,866	27,866	28,898	28,898
Investment portfolio	39	39	620	698
Total financial assets	**43,956**	**43,956**	**43,108**	**43,186**

viii) Fair value of financial instruments

Note 14 in the financial statements analyses the financial instruments that are measured after initial recognition at fair value, grouped into 2 categories: valued under IPEVC and net asset basis.

25 Funds attributable to members of the company

The 8 (2023: 8) members of the company at the end of the year are the 8 (2023: 8) directors.

Members fund: The members' fund at 31 March 2024 was £nil (2023: £nil). Each member is required to pay an amount, not exceeding £1 only, if the Carbon Trust is wound up whilst he or she is a member or within one year after ceasing to be a member. This payment is in settlement of the Carbon Trust's debts and liabilities contracted before he or she ceased to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves.

Translation Reserve: The translation reserve at 31 March 2024 was £4,000 (2023: £116,000). It arises from the revaluation of the net assets in subsidiary companies denominated in foreign currencies.

Retained earnings: Comprise the earnings retained for reinvestment in the businesses. These are analysed below between restricted and unrestricted reserves:

The group

	31 March 2024 £000	31 March 2023 £000
Unrestricted reserves	16,174	19,282
Reserves restricted for use in low carbon technology	886	1,151
Reserves restricted for use in Wales	2,715	2,715
Retained earnings	**19,775**	**23,148**

The company

	31 March 2024 £000	31 March 2023 £000
Unrestricted reserves	12,821	15,165
Reserves restricted for use in Wales	2,714	2,715
Retained earnings	**15,535**	**17,880**

26 Financial commitments

At 31 March the total commitments for future minimum lease payments under non-cancellable operating leases relating to property leases and office equipment were as follows:

The group

	Operating leases 2024 £000	Operating leases 2023 £000
Due within a year	1,254	1,242
Due > 1 year	2,467	3,348

The company

	Operating leases 2024 £000	Operating leases 2023 £000
Due within a year	874	868
Due > 1 year	2,363	3,165

The group has entered into a number of large multi programme delivery contracts. Under these multi-year contracts, the group has contract commitments with sub-contractors to the value of £26.7m (2023: £30.7m). Of the current commitments £18.5m relates to the Transforming Energy Access (TEA) programme (for the FCDO) and £8.2m for other large multi programmes. The company has a grant agreement with FCDO for the TEA programme to the value of £67.3m.

27 Related party transactions

The group subsidiary CTA is owed £12,226 from Sackville LCW (GP) Limited as at 31 March 2024 (2023: £112,309). The only transactions relating to directors have been disclosed in note 10 (2023: No disclosures required).

28 Contingent assets

The group through its subsidiary CTEL received through a capital dividend the right to 34% of deferred consideration due under the sale and purchase agreement for the wind farm lease options sold by Partnerships No1 Limited in September 2017. The amount received under this agreement in the current year was £nil (2023: £nil). The directors consider future receipts under these rights to be no longer remote and have valued the asset accordingly at £245,000 (2023: £245,000)

29 Post Balance Sheet events

Management has determined there are no adjusting or non-adjusting events which require disclosure in the financial statements.

30 Prior period reclassifications

Prior Period reclassification:	SOFP: Trade & other receivables:	SOFP: Accrued income:	SOFP: Trade & other payables - accruals:	SOFP: Deferred income
	£	£	£	£
At 1 April 2023 – As previously stated	14,531	411	14,289	10,716
Prior year reclassification	(3,117)	3,117	(2,119)	2,119
At 1 April 2023 - Restated	**11,414**	**3,528**	**12,170**	**12,835**

Prior year reclassification:

Accrued Income on commercial contracts has been reclassified from Trade & other receivables (note 18) to Accrued Income; previously the Accrued income note (note 19) only included Accrued income relating to Grant contracts only.

Deferred income on commercial contracts has been reclassified from Trade and other payables – accruals (note 21) to be included within the Deferred Income note (note 22). Previously the Deferred income note only included Deferred income relating to Grant and Partners.