CARBON TRUST

THE CARBON TRUST

Annual report:

For the year ended 31 March 2025

Registered number: 04190230

Company information

Registered office:	Level 5, Arbor, 255 Blackfriars Road, London, SE1 9AX
Directors:	Julia King, the Baroness Brown of Cambridge Michael Rea Dorothy Mackenzie Eric Soubeiran Charlotte Beckett Anja Langer Jacquin Gbolahan Faleye (appointed 1 May 2025) Renata Lawton-Misra (appointed 1 August 2024) Thomas Richardson (appointed 1 August 2024) Timon Drakesmith (resigned 25 April 2024) Chris Stark (resigned 31 July 2024) Paul Jefferiss (resigned 6 August 2024)
Secretary:	Hannah McConnachie (appointed 23 May 2024)
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, 8 Finsbury Circus, London EC2M 7EA

Contents

Strategic report

Overview of activities

The Carbon Trust was founded in 2001 and has been at the forefront of environmental sustainability ever since, building a substantial knowledge base to accelerate climate change mitigation. Our mission is to accelerate the move to a decarbonised future by assisting businesses, governments, and organisations worldwide in reducing carbon emissions while managing the risks and capturing the opportunities around the transition to a net zero economy.

Our teams provide valuable insights into markets and technologies, helping clients and partners elevate their ambitions and develop customised solutions to achieve their environmental objectives. We design and implement projects and programmes, leveraging our technical expertise gained through years of practical experience. We enhance our clients' credibility by supporting with science-based target setting and verifying genuine carbon reductions.

Today we operate across a broad spectrum of services, geographies and industries:

- **Propositions**. Our advisory services are designed to support clients in navigating sustainability challenges and unlocking long-term value. These services include target setting, value chain analysis, risk assessment, transition planning, footprinting, assurance, labelling, policy design and evaluation and programme management. Beyond technical expertise, we provide strategic advisory support that enables clients to embed sustainability into the core of their business strategy. This includes aligning environment and social goals with corporate objectives, enabling informed decision-making and enhancing organisational resilience in response to evolving regulatory, market and stakeholder expectations.
- **Countries.** Offices in the UK, the Netherlands, Germany, South Africa, Singapore and Mexico. Last year, we supported clients in nearly 50 countries
- **Industry sectors.** We provide tailored advisory services across a range of key industry sectors including agriculture, manufacturing, financial services, infrastructure, energy, cities & regions and ICT.

The Carbon Trust is a not-for-dividend company with no external financial shareholders. This structure gives us the independence to make decisions that are fully aligned with our mission. It enables us to focus on long-term impact and reinvest any surplus directly into strengthening our future delivery. In years where we generate a surplus, the excess funds are reinvested into the organisation to support innovation, resilience, and mission delivery. In years when we incur a loss, we draw on reserves built up from previous surpluses to maintain continuity and sustain ongoing investment. For this financial year we have reported a profit before tax of £0.2million [see page 7].

Strategic report

Strategy and medium-term goals

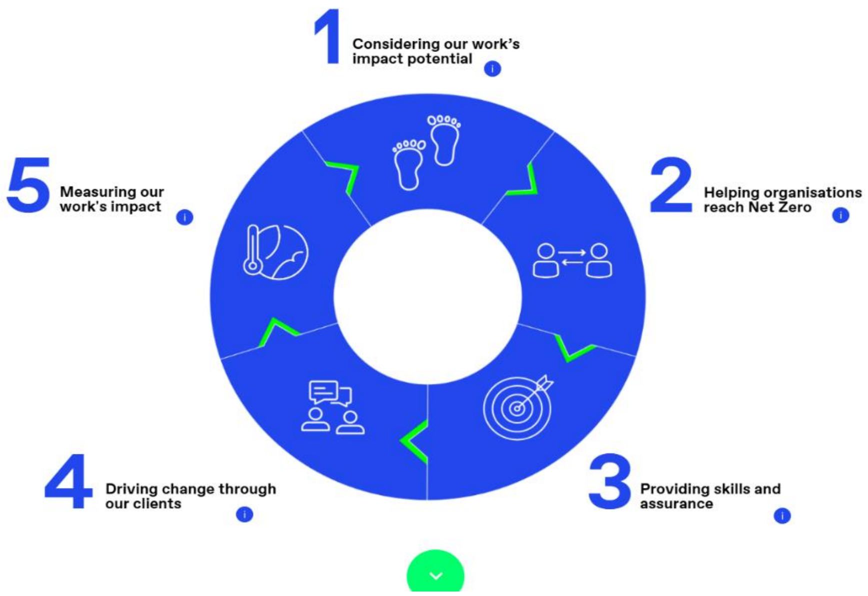
In early 2025, we launched a forward looking and ambitious strategic plan aimed at accelerating growth and increasing our mission impact. Despite facing a more challenging consultancy market characterised by economic and geopolitical uncertainties, we remain focused on our mission. This means driving innovation, strengthening our operational capabilities, and partnering with clients globally and other organisations to address climate change directly. Over the coming years, we are committed to delivering high-impact projects aligned with our medium-term objectives, reinforcing our leadership in the pursuit for a sustainable future.

Our focus is on

- **Mission impact**: Expand the reach, innovation, and influence of our climate change initiatives while evaluating the wider social benefits generated by our work.
- **Brand**: Enhance our distinctiveness by positioning the Carbon Trust as a catalyst for genuine impact and increasing overall brand awareness.
- **People and culture**: Continue building technical and strategic capabilities and knowledge management while maintaining a positive and inclusive culture.
- **Financial performance**: Aim to grow revenues and achieve a breakeven to modest financial surplus over the next two years. Retain a strong cash balance to invest in mission-relevant capabilities, propositions, and innovations.
- **Environmental performance**: Compliance with SECR regulations and on track to meet our own science based targets for 2030 and Net Zero by 2050.

Mission impact

Mission impact is at the core of our purpose, culture, and growth strategy. We create the greatest value when we are distinctive, leveraging our brand, expertise, and convening power to drive outcomes that would not otherwise occur. Mission objectives are embedded in colleague goals and inform how we prioritise client and partner work. Our dedicated framework supports our strategy and guides our resource allocation.



Assessing the potential impact of new work and measuring its actual impact upon completion is central to embedding mission impact in everything we do. We support this process through internally developed tools that evaluate both anticipated and realised impact. We will continue to use these tools and in order to maximise our impact, we focus on key sectors where we can influence meaningful change. For each of these sectors, we will develop a Mission Impact Plan that outlines our decarbonisation strategy, aligns internal efforts, and communicates our goals externally. These plans will define a sector vision, priority interventions, and influencing strategies, supported by KPIs and embedded in both staff objectives and project selection processes.

Further information on our mission impact and description of individual programmes, clients and employees will be set out in the Carbon Trust's 2025 Impact Report that we plan to publish in early 2026.

Brand

Our brand is a key asset in driving our commercial and mission impact success and we continue to focus on growing its visibility and relevance globally. We delivered some significant activities globally to ensure our brand is seen as top of mind for our audience.

- We created 66 pieces of content last year, visible across LinkedIn (166,000 followers with 9.8% engagement, higher than LinkedIn average of 6.5%), our website, our newsletter (28,000 subscribers) and our events.
- We were involved in 159 events last year (37 hosted by us, 29 industry events we spoke at, 67 we were present at, and 26 events organised for clients). Highlights for hosted events include the Energy Transition Acceleration Forum, Accelerate to Net Zero global series, Parliamentary Receptions (Manufacturing and Buildings) and our Cities and Regions webinar series.
- To build our brand distinctiveness and credibility, our communications have been focusing on tangible impact delivery. We have published 13 impact stories during the year across our key sectors and published the annual Impact report in Autumn 2024. We aim to sustain these strategic communications tools and will publish the next Impact report in Q4 of the financial year 31 March 2026.
- We achieved high media coverage through leading content like the 'Barriers to Net Zero' report, offshore wind, our experts' commentary and client news.

People and culture

Ensuring the Carbon Trust is a rewarding place to work is a key part of our strategy. This means creating a diverse, inclusive workplace where every employee feels empowered, supported and inspired to deliver transformative impact, alongside supporting personal growth, high performance and work-life balance. We want our people to develop their potential, achieve outstanding results, and contribute to the Carbon Trust's success - making this a rewarding place to work.

During the year we reviewed our global offer, developing key elements to support our strategic direction, which we will implement during 2025. This includes

- Amplifying focus on mission to drive impact and employee engagement
- Enhancing flexibility, keeping it central to support engagement and work-life balance alongside productivity

- Supporting a collaborative culture, while enhancing our performance culture including through a changed bonus structure and motivating career paths, transparently shared
- Reviewing benefits globally, making changes as appropriate to ensure a competitive offer

Key information relating to the Group's Gender Pay Gap and Health, Safety & Environment (HSE) performance is available on our website under 'our values and commitments' section.

Financial performance

The Carbon Trust has generated full year results in line with the Board's expectations, as detailed in the table below. Revenues reached £60.0 million marking a 16% increase from last financial year (£51.8 million). The 2024 Revenue is being restated due to it now being determined that the Group is acting as an agent under the Offshore Wind Consortium Programmes in accordance with FRS102 Section 23. This is explained in note 30 [see page 55].

Although the gross margin decreased year on year, we managed to achieve a small pre-tax profit, something we have not accomplished in the previous three years. While growth levels varied across different propositions and geographies, the collective performance of the Group remained strong. We continue to make progress in driving impactful programmes and achieving profitable growth across both UK and international markets. The Group's balance sheet remains robust, with net assets at year-end totalling £19.6 million (2024: £19.8 million). Cash holdings remained satisfactory, with total cash as of 31 March 2025 amounting to £31.2 million (2024: £27.9 million). Unrestricted cash, over which we have complete control, totalled £10.9 million (2024: £9.9 million).

Our Group financial performance is illustrated below.

GROUP FINANCIAL KPIS (YEARS TO 31 MARCH)	2025 (£M)	2024 (£M) RESTATED	2023 (£M)
TOTAL REVENUE[1]	60.0	51.8	43.9
GROSS MARGIN[1]	33.1	35.0	30.7
CONSOLIDATED PROFIT/(LOSS) BEFORE TAX [2]	0.2	(3.0)	(3.0)
GROUP UNRESTRICTED CASH BALANCES[3]	10.9	9.9	10.9

Outlook

Looking ahead to the coming financial year, the business is well-positioned to continue delivering on our mission. We have a strong portfolio of contracted projects underway, including several multi-year programmes. These provide a solid foundation to support ongoing innovation and targeted international growth. We anticipate that revenues will continue to grow in the year ending 31 March 2026.

[1][1] Revenue in the consolidated statement of comprehensive income on page 26. Gross margin is Revenue less direct Cost of sales.
[2] See the consolidated statement of comprehensive income on page 26.
[3] See the cash and cash equivalent (note 20) on page 48 for split of cash balances

Strategic report

Environmental performance

Our mission is to accelerate the move to a decarbonised future. While supporting our clients and partners in achieving this transition is a core priority, we are equally committed to sharing our own decarbonisation journey.

In this section, we present an overview of the Group's compliance with the Streamlined Energy and Carbon Reporting (SECR) requirements. This is a reporting framework where we share energy consumption and how our energy efficiency has changed for our UK offices from year-to-year. Afterwards, we share our progress towards achieving our validated science-based targets, including the efforts we have made with our supply chain engagement target. Following this we have included a review of the climate-related risks and opportunities we face as an organisation as we transition towards our 2050 Net Zero target.

Strategic Report for Streamlined Energy and Carbon Reporting (SECR)

Total UK energy consumption for FY2024/25 was 110,563 kWh, up slightly from 108,948 kWh in FY2023/2024. These figures include direct energy use from our London office (which is directly metered), apportioned energy use from our Edinburgh and Cardiff offices and energy consumption from UK-based grey fleet (employee-owned vehicles for business travel) and car rental activity.

Methodology:

Emissions have been calculated using the WBCSD/WRI Greenhouse Gas Protocol (Revised Edition) alongside UK government's environmental reporting guidelines such as, SECR. We apply an extended operational control approach, using the 2024 UK Government GHG conversion factors for FY2024/2025. Scope 2 emissions from purchased electricity are reported using a location-based approach.

For FY2024/2025 the total carbon emissions (location-based) associated with our reported energy use are **22.42 t CO_2e,** with the following breakdown:

UK emissions and energy use

Table 1. SECR emissions summary (mandatory emissions)

	FY2022/2023			FY2023/2024			FY2024/2025		
Carbon emissions	**kWh**	**t CO_2e**	**per FTE**	**kWh**	**t CO_2e**	**per FTE**	**kWh**	**t CO_2e**	**per FTE**
Scope 1 emissions (UK offices natural gas)	248,940	45.44	0.15	33,163	6.05	0.02	32,973	6.03	0.02
Scope 2 (location-based) emissions (UK offices)	184,732	35.72	0.12	69,329	13.41	0.04	72,148	14.94	0.05
Scope 3 emissions - business travel where responsible for fuel	7,920	1.96	0.01	6,455	1.56	0.005	5,442	1.45	0.005
Total	**441,592**	**83.12**	**0.28**	**108,947**	**21.02**	**0.07**	**110,563**	**22.42**	**0.08**

Strategic report

Note on the data

The reduction in emissions across the three years 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 drastically decreased our energy consumption as there is no gas use at this office. The slight increase (circa. 1.5%) in energy consumption between FY2024/2025 and FY2023/2024 is believed to come from year-on-year seasonal variations

Due to receiving updated energy reports, including where there were data gaps due to equipment commissioning or issues, and a revision to our FTE figures to more accurately reflect our UK Offices, the FY2022/2023 and FY2023/2024 figures have been restated. Previously stated energy use figures of 448,083 kWh for FY2022/2023 and 110,244 kWh for FY2023/2024 have been adjusted. Our t CO2e figures have also been revised from 84.92 t CO2e in FY2022/2023 and 23.11 t CO2e in FY2023/2024. Changes to our FTE figures have also resulted in a restatement of our emissions intensity values, which were previously reported as 0.22 tCO_2e/FTE for FY2022/2023 and 0.06 tCO_2e/FTE for FY2023/2024.

Intensity ratio:

The table below shows our emissions intensity, measured as the total Scope 1, 2 and 3 mandatory SECR emissions relative to the number of full-time employees (FTE) per financial year. This is an intensity reduction of 72% from FY2022/2023 to FY2024/2025.

Financial Year	FY2022/2023	FY2023/2024	FY2024/2025
Intensity ratio (t CO_2e per FTE)	**0.27**	**0.07**	**0.08**

Energy efficiency actions across our UK offices:

Since moving into our new London office in April 2023, we have implemented several energy efficiency measures. These include having our London office lights on an 'auto-off' not 'auto-on' mode. Additionally, daylight dimming is used to conserve energy. Daylight dimming means that the lightbulbs have sensors that respond to the amount of natural light they receive. If it is lighter, they dim and therefore use less energy. Across the office our air conditioning units are switched off at night and over the weekend, further reducing our energy consumption.

In December 2024, our landlord and facilities management team began a NABERS[4] assessment with the goal of a minimum 4.5-star rating. We will continue to work closely with our landlord to push the NABERS score as far as we can to ensure we generate further energy efficiency savings. In addition to the NABERS assessment, the facilities management team have also installed sunlight sensors in the communal stairs, reducing the need for artificial lighting. We have also made changes to our internal expenses system to improve our car mileage and expensed data quality and worked with our landlords to receive timely energy reports.

[4] (The National Australian Built Environment Rating System NABERS) is considered a world-leading environmental performance tool that provides a scoring of between 1 (making a start) to 6 (market leading) for buildings efficiency across energy, water, waste and the indoor environment. This rating helps building owners understand their building performance versus comparable buildings within their sector. A NABERS rating helps us communicate the environmental performance of our London office, and the rating is valid for a 12-month period.

Our science-based target progress

In 2023, the Science-Based Targets initiative (SBTi) validated our 2050 Net Zero target, following validation of our Scope 1 and 2 targets from the previous year. Alongside our Scope 1 and 2 targets, we have committed to measuring and reducing our Scope 3 emissions. All our targets are outlined below and are based on a FY2018/2019 baseline:
Scope 1 and 2: Reduce our absolute Scope 1 and 2 emissions by 50% by 2030
Scope 3: Reduce our business travel emissions by 65% per full-time equivalent (FTE)[5] employee by 2030. Engage with suppliers to ensure that at least 56% of our suppliers by emissions are covered by a science-based target by 2026.
Net Zero: Reach Net Zero and reduce our absolute emissions by at least 90% by 2050

This year we implemented updated emission factors[6] and restated our base year emissions to ensure consistency across our models and to accurately assess our progress to date. We made strong progress across all our targets, notably with our supplier engagement target and the launch of our inaugural Net Zero report.

Progress highlights:

Scope 1 and 2:

Our all-electric London office is, our only site under operational control and, continues to use renewable electricity. We thereby remain on track to meet our 2030 target.

Scope 3:

Progress has been made in reducing emissions from business travel and increasing supplier engagement.

- We remained within our travel carbon budget and began including hotel emissions in our reporting, alongside existing air and rail emissions. A new travel partner who has an SBT commitment, has enhanced our data accuracy. With this progress, we remain on track for our 2030 business travel SBT.
- We are also advancing towards our supplier engagement goal: 55% of emissions from purchased goods and services are now covered by supplier SBTs (up from 34% in 2022). We have achieved this by collaborating with our key suppliers and sub-contractors by asking them to sign our Climate Commitment Clause. The supplier thereby commits to setting a near-term SBT and is encouraged to go a step further by also setting a Net Zero target. Upon signing, we provide guidance documents, host workshops, and conduct one-on-one meetings to support our suppliers and sub-contractors in setting and publicly communicating their SBTs.

Net Zero Report**:**

This year, we launched our inaugural Net Zero report, outlining progress to date and next steps in our transition. By sharing what works and what doesn't, we aim to support and accelerate broader climate action. More information, including a full breakdown of our emissions profile, can be found in last year's report. The report will be updated in early 2026.

[5] FTE stands for "full-time equivalent" and expresses the total workload of an organisation, accounting for both full-time and part-time workers.
[6] We moved from EEIO (**E**nvironmentally **E**xtended **I**nput **O**utput) emission factors based on the US economy, to factors from CEDA (**C**omprehensive **E**nvironmental **D**ata **A**rchive). The CEDA factors are updated annually to incorporate the most recent available data for multiple countries and economies. The annual updates ensure the data reflects global decarbonisation from governmental action and technological advancements.

Next steps:

Supplier engagement:

Looking ahead, we will continue driving change across our supply chain by transitioning suppliers to bespoke emissions factors which will in turn support us to choose and prioritise lower-emissions goods and services. These efforts support our strategy to decouple emissions growth from business growth; vital for us to reach Net Zero.

Updated Net Zero report:

Our next report will be published early 2026 and will include updates on our Net Zero progress and future transition plans. It will also feature a full breakdown of our FY2024/2025 emissions profile.

Climate risk and opportunities review

We are committed to reducing our environmental impact and managing climate-related risks in line with rapidly evolving global climate disclosure requirements. Last year, we completed our first climate risk assessment aligned with internationally recognised frameworks such as, the Task Force on Climate-related Financial Disclosures (TCFD). This milestone strengthens our resilience and supports our Net Zero journey as we prepare to meet climate regulations across the diverse markets in which we operate.

During this year, significant progress was achieved in several key areas of climate risk assessment, with a strong emphasis on quantification.

An in-depth financial quantification assessment was conducted on three material climate risk and opportunities (CROs) that were selected due to their expected materiality and data availability for more robust quantification. We continue to deepen our understanding and management of climate-related risks and opportunities, while closely monitoring emerging developments in climate-related disclosures.

The financially assessed CROs were:

(1) **Transition risk:** Transition risk arising from the potential inability to keep pace with evolving market expectations, regulatory changes, and client demands driven by the global push toward Net Zero. Failure to adapt effectively could result in reduced competitiveness and a potential loss of market share. Given its potential to result in a significant financial impact, this transition risk has been assessed as high.
Result: While mitigation strategies have already been developed, focusing on service innovation, strategic partnerships, and continuous market analysis, these measures will remain under active review and refinement to ensure the Group remains responsive and resilient to ongoing transition dynamics.

(2) **Opportunity:** The opportunity arising from increased demand for sustainability services and technologies because of the Net Zero transition. Given the nature of our business and our established expertise in decarbonisation, this represents a substantial growth opportunity. As such, we have assessed this opportunity as high in both strategic relevance and potential impact.
Result: The global shift toward Net Zero is accelerating demand for expert guidance, innovative solutions, and technologies that support decarbonisation efforts across sectors. This presents a significant growth opportunity for the Group, particularly in expanding its sustainability advisory services and low-carbon technology offerings. If fully realised, this opportunity has the potential to generate a significant positive

financial outcome for the Group. To capitalise on this trend, the Group is actively investing in capability development, service innovation, and strategic market positioning, ensuring it remains well-placed to meet rising client needs and capture emerging market opportunities.

(3) **Physical risk:** A comprehensive physical risk assessment was conducted, which evaluated all Group office locations to identify the primary physical risks—both chronic and acute—that could affect operational performance and resilience. While the specific risks vary by region, the most significant threats identified include flooding, heatwaves, and extreme temperature fluctuations, all of which present potential challenges to the Group's operations. The Group focused specifically on the qualification of the physical risk from increased flooding. This physical risk assessment represented a more quantified and location-specific approach to understanding climate vulnerabilities.
Result: This risk was determined to be relatively immaterial due to the strategic placement of office locations and existing mitigation measures implemented by the Carbon Trust. If the Carbon Trust considers opening a new office or relocating an existing one, a physical climate risk assessment will be conducted as part of the decision-making process. This proactive approach aims to minimise potential exposure to climate-related physical risks and ensures continued operational resilience.

The description of these three material CROs, including the controls in place and the financial impact of each:

TCFD category	**Description**	**Control**	**Financial Impact**
Transition risk	The inability to adapt quickly enough to market pressures from the global Net Zero transition leads to market share loss, through: • Faster emergence of new trends (e.g. ISSB, TNFD, 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 teams • Partner with other professional services providers to develop new offers to meet emerging needs. • Further establish our unique selling proposition as technical sector and strategic experts	High
Opportunity	The Net Zero transition creates higher demand for sustainability services and technologies, 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 temporary relocate • Damage to assets and reparation costs • Higher heating and/or cooling costs This is a broader climate-related risk we have identified; however, this iteration reflects a more focused analysis through the lens of flooding risks.	• 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	Low

The findings underscore the importance of continued investment in resilience measures and proactive risk management to address the evolving landscape of climate change impacts. In response to these findings, internal controls have been identified and implemented to strengthen our ability to manage the assessed risks and capture emerging opportunities. These controls include conducting forward-looking risk assessments, enabling remote work options to maintain continuity under disruptive physical conditions, and continuously growing and training our teams to ensure alignment with evolving sustainability demands. Additionally, we are further establishing our unique selling proposition as technical sector and strategic experts, a core element of our new strategic direction.

Building on the comprehensive climate risk assessment, the improved financial quantification of key climate-related risks and opportunities, and the identification of relevant mitigation measures, the Carbon Trust aims to make further progress by developing a formal transition plan in the coming year. This plan will draw directly on the findings of the risk and opportunity analysis and will outline how the organisation intends to manage transition risks, capture emerging opportunities, and align its operations with Net Zero objectives. It will focus on setting actionable targets, embedding climate considerations into strategic and financial planning, and enhancing governance and accountability frameworks. This will ensure that the Group continues to strengthen its climate resilience while meeting stakeholder and regulatory expectations.

Governance and risk management

The Carbon Trust is committed to maintaining a robust risk management framework to identify, assess, manage, and monitor risks that could impact the achievement of our strategic objectives. The Board of Directors holds overall responsibility for the Carbon Trust's internal controls and risk management systems. This responsibility is supported by the Audit and Risk Committee and senior management, ensuring comprehensive risk governance, oversight and accountability throughout the Group. The Group is subject to several risks that could affect the achievement of our strategic objectives. Below are some of the principal risks identified and the measures we have in place to manage them:

Market risk: The Group faces risks related to increased competition, market saturation, and innovations from new entrants, which may undermine our market position and affect revenue and profitability. Additionally, geopolitical developments and shifts in market sentiment caused by major external events could disrupt demand for our services and create volatility in market conditions.
We mitigate these risks through: market analysis, diversification of our offerings, driving innovation and continuously exploring new markets and opportunities. We can respond quickly to geopolitical changes and evolving market needs , helping to safeguard our market position.

Regulatory risk: The Group faces the risk of non-compliance with existing laws and regulations, which could lead to legal penalties, financial losses, and reputational damage. Operating across multiple jurisdictions further compounds this risk, as the Group must navigate a complex and evolving landscape of local and international laws and regulatory requirements.
We mitigate these risks through: a proactive compliance program supported by experienced legal counsel and our Risk, Compliance and Information leadership group. Regular training, horizon scanning and continuous monitoring ensure adherence to applicable laws and timely responses to regulatory changes across all jurisdictions in which we operate.

People & culture risk: The Group faces people and culture risks, including relating to failing to foster a workplace culture that is diverse, inclusive and equitable; staff turnover and retention challenges or skills shortages. These risks could negatively impact employee engagement, talent retention and ultimately, the achievement of our strategic objectives.
We mitigate these risks by: implementing targeted diversity and inclusion initiatives, regularly benchmarking and updating our compensation and benefits packages, investing in training and development and continuous employee engagement. Through these efforts, we strive to maintain a motivated, skilled, and stable workforce that supports our long-term success.

Financial Risk: The Group faces a range of financial risks, including the risk of client defaults on payments, which could result in direct financial losses. Additionally, there is the risk of being unable to meet short-term financial obligations, potentially affecting liquidity and operational continuity. Furthermore, the risk of losses due to failures in internal processes, systems, or personnel that could undermine financial stability.
We mitigate these risks through: due diligence and credit assessments on potential clients and closely monitor receivables to minimise payment defaults. We also maintain prudent cash flow management and liquidity reserves to ensure short-term obligations can be meet. Additionally, we ensure strong internal controls are in place to safeguard the integrity of our financial operations and systems.

Reputational risk: The Group is exposed to reputational risks stemming from its presence and activities on social media platforms and commentary on topics in the press, which could lead to negative public perception and impact overall operational success. Failure to adhere to industry standards or neglecting corporate social responsibility initiatives may harm our reputation. There is also the risk that associations with clients or partners could reflect poorly on our brand if they face reputational damage.

We mitigate these risks through: implementing strict social media and press guidelines and monitoring, actively engaging in responsible corporate citizenship and upholding high ethical standards across all business operations. We also conduct due diligence on clients and partners to ensure alignment with our values and standards.

Technology Risk: The Group faces significant risks related to unauthorised access, theft, or damage to its digital systems, and data, risks that are increasingly becoming more sophisticated due to advancements in AI technology. The company must also navigate evolving regulatory requirements such as international data protection laws, where non-compliance could result in legal penalties and reputational damage.
We mitigate these risks through: advanced cybersecurity measures, conducting regular penetration and vulnerability tests and provide ongoing staff training. Furthermore, we actively strive to monitor regulatory changes and rigorously ensure adherence to all relevant technology and data protection standards.

Climate Risk: The Group recognises that climate change presents both physical and transitional risks, which could impact our financial performance, operational continuity, and reputation.
We mitigate these risks: by integrating sustainability considerations into our strategic planning and operational processes. This includes setting ambitious science-based targets [see pp. 10-11] and conducting a comprehensive climate related risks and opportunities assessment [see pp. 11-13]. We actively monitor evolving climate regulations to ensure compliance and adapt our strategy to manage emerging challenges and opportunities effectively.

Effective risk management is essential to safeguarding our mission and ensuring sustainable growth. We take our risk management responsibilities seriously and remain committed to continuously strengthening our frameworks and controls.

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 clients, 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 clients, 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 Board considers the long-term implications of strategic decisions, particularly in the context of the global transition to a low-carbon economy. This includes expanding our international presence and adapting our services to meet evolving client needs in areas such as net zero strategy, climate risk and emerging opportunities in sustainability.
- **The interests of the company's employees, including mental health and well-being, inclusion and professional development:** We are committed to fostering a supportive and inclusive workplace culture. This includes providing access to mental health resources and flexible working arrangements. We invest in professional development through structure learning, mentoring and opportunities to work on impactful

sustainability projects. Employee voice is encouraged through regular surveys, open forums and focus groups, helping share our policies and practices.

- **The need to foster the Group's business relationships through collaboration with suppliers, clients and partners:** Our work is built on trusted relationships with a wide range of stakeholders from multinational corporations and governments to SMEs and NGOs. We collaborate closely with clients to develop decarbonisation strategies, deliver assurance services and support innovation in clean technology. We also work with suppliers and delivery partners to uphold shared value around sustainability and transparency.
- **The impact of the company's operations on the community and the environment through the work we do and the development of internal policies and principles:** Our core mission is to accelerate the move to a sustainable, low-carbon future. We help organisations reduce emissions, improve energy efficiency, and set credible net zero targets. Internally, we lead by example through our own science-based target (near-term, long-term and Net zero) and through policies on health, safety, environment (HSE), modern slavery, and responsible procurement.
- **The desirability of the Group maintaining a reputation for excellence and high standards of integrity:** Our reputation is built on the credibility of our advice, the rigour of our methodologies, and the independence of our assurance services. We maintain high standards through robust governance, quality assurance processes, and adherence to international best practices.
- **The need to act fairly as members of the company** We encourage open dialogue, respect diverse perspectives, and uphold the principles of equality, fairness, and ethical conduct in all our operations.

For further details on how the Board considers its stakeholders see pp. 17-20.

By order of the Board,

Michael Rea

Michael Rea
CEO
24 July 2025

Directors' report

The directors present their annual report together with the financial statements and Auditors' report for the year ended 31 March 2025. Some of the matters to be dealt with in this report have been included in the strategic report see pp. 4-16.

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 collaborate with businesses, governments, and organisations worldwide, supporting them in realising ambitious plans for a sustainable, low-carbon future. Our advisory services include environmental target setting, value chain analysis, risk assessment, transition planning, footprinting, assurance, labelling, policy design and evaluation and programme management. Over many years, our work in climate change and sustainability has established The Carbon Trust as a recognised global leader in this field. See pp. 4-16 for further details on our strategy, business performance, and direct environmental impact.

Directors

During the year ended 31 March 2025 and up until the date of this report, the directors of the Carbon Trust included:

Name	Position	Date of appointment/date of resignation
Julia King, The Baroness Brown of Cambridge	Chair	Appointed 16 July 2018
Christopher Stark	Chief Executive	Appointed 29 April 2024 Resigned 31 July 2024
Michael Rea	Chief Executive	Appointed 1 April 2008
Timon Drakesmith	Chief Financial Officer	Appointed 20 July 2020 Resigned 25 April 2024
Paul Jefferiss	Director	Appointed 16 May 2001 Resigned 6 August 2024
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
Renata Lawton-Misra	Employee Director	Appointed 1 August 2024
Thomas Joseph Richardson	Employee Director	Appointed 1 August 2024
Gbolahan Faleye	Director	Appointed 1 May 2025

Results and reserves

The Group reported a profit before tax of £0.2million (2024: £3.0m loss). It has £19.6million of net assets (2024: £19.8m) as detailed in the consolidated statement of financial position, on page 26.

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’. See pp. 26-55 for the audited financial statements for the year ended 31 March 2025.

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 carefully considered the company's business activities, strategy, and the associated risks and controls. To assess the company's viability, management reviewed a 12-month period from the date of signing, considering the two-year business plan. As part of this assessment, scenario analysis was performed, considering three revenue scenarios: base case, downside case, and reverse stress case.

The base case scenario was modelled on the Group's two-year plan, approved by the Board, which anticipates modest year-on-year growth in gross margin and headcount. A downside scenario was also considered, assuming gross margin declines by 20% annually compared to the base case. To mitigate the impact of this revenue decline, no headcount additions would be made during the two-year period, coupled with a further reduction in headcount each year through natural attrition. Additionally, non-payroll expenditure would be reduced across all three years. In both the base and downside scenarios, the Board concluded that sufficient reserves would be available to support operations for at least 12 months following the date of signing.

In the reverse stress scenario, it is assumed that no new revenue is generated, and only existing contracted revenue obligations are fulfilled. This would result in a stark and immediate headcount reduction in the first year, with further reductions anticipated in subsequent years. Under these conditions, the Group would be able to continue operating until March 2027 before experiencing significant liquidity constraints. The Board does not consider this to be a reasonably possible scenario.

The Board has considered the three revenue scenarios prepared by management and 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 reserves available to the Group, the Board is satisfied that the Group has adequate resources to operate for the foreseeable future and considers it appropriate for the company 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 Group 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 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 have been followed in conformity with the requirements of the Companies Act 2006, 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 2006, have included certain items of strategic importance within the Strategic report [see pp. 4-16] that would ordinarily 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;
- 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,

Michael Rea

Michael Rea
CEO
24 July 2025

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 2025, 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 of the Parent Company's affairs as at 31 March 2025 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 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.

Independent auditor's report

Responsibilities of directors

As explained more fully in the directors' responsibilities statement [see pp.18-22], 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.

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.

Independent auditor's report

Stephen Dean

Stephen Dean BA(Hons) FCA DChA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date 24/7/2025

Consolidated statement of comprehensive income

	Notes	31 March 2025 £000	31 March 2024 Restated £000
Revenue	6	59,980	51,798
Cost of sales		(26,886)	(16,831)
Gross margin		**33,094**	**34,967**
Expenditure	7	(33,539)	(36,543)
Operating loss		**(445)**	**(1,576)**
Finance income	8	690	628
Finance costs	9	(29)	(2,088)
Profit/(loss) before tax		**216**	**(3,036)**
Tax charge	11	(311)	(337)
Loss for the year		**(95)**	**(3,373)**
Total comprehensive deficit for the year		**(95)**	**(3,373)**

The accompanying notes on pp. 32-55 form part of these financial statements.

Consolidated statement of financial position
As at 31 March 2025

	Notes	31 March 2025 £000	31 March 2024 £000
Non-current assets:			
Intangible assets	12	-	-
Property, plant and equipment	13	1,172	1,456
Financial assets – investment portfolio	14	-	39
Interest free loans receivable	17	-	7
Total non-current assets		**1,172**	**1,502**
Current assets:			
Interest free loans receivable	17	7	58
Trade and other receivables	18	19,731	12,912
Accrued income	19	1,981	4,632
Cash and cash equivalents	20	31,215	27,866
Total current assets		**52,934**	**45,468**
Total assets		**54,106**	**46,970**
Current liabilities:			
Trade and other payables	21	(18,248)	(12,740)
Deferred income	22	(15,870)	(13,728)
Total current liabilities		**(34,118)**	**(26,468)**
Provisions for liabilities	23	(360)	(723)
Total liabilities		**(34,478)**	**(27,191)**
Net assets		**19,628**	**19,779**
Funds:			
Members' fund	25	-	-
Retained earnings	25	19,680	19,775
Translation reserve	25	(52)	4
Total funds		**19,628**	**19,779**

Signed on behalf of the Board

Brown of Cambridge

Baroness Brown of Cambridge, Chair
24 July 2025

Michael Rea

Michael Rea CEO
24 July 2025

Registered number: 04190230
The accompanying notes on pp. 32-55 form part of these financial statements.

Company statement of financial position
As at 31 March 2025

	Notes	31 March 2025 £000	31 March 2024 £000
Non-current assets:			
Intangible assets	12	-	-
Property, plant and equipment	13	1,117	1,376
Financial assets – investment in subsidiaries	16	5,913	5,907
Interest free loans receivable	17	-	7
Total non-current assets		**7,030**	**7,290**
Current assets:			
Interest free loans receivable	17	7	58
Trade and other receivables	18	16,362	6,193
Accrued income	19	-	1,428
Cash and cash equivalents	20	20,790	17,559
Total current assets		**37,159**	**25,238**
Total assets		**44,189**	**32,528**
Current liabilities:			
Trade and other payables	21	(16,457)	(8,491)
Deferred income	22	(12,378)	(8,151)
Total current liabilities		**(28,835)**	**(16,642)**
Provisions for liabilities	23	(299)	(351)
Total liabilities		**(29,134)**	**(16,993)**
Net assets		**15,055**	**15,535**
Funds:			
Members' fund	25	-	-
Retained earnings	25	15,055	15,535
Total funds		**15,055**	**15,535**

Signed on behalf of the Board

Brown of Cambridge

Baroness Brown of Cambridge, Chair
24 July 2025

Michael Rea

Michael Rea, CEO
24 July 2025

Registered number: 04190230

The accompanying notes on pp. 32-55 form part of these financial statements.

Consolidated statement of changes in total funds
For the year ended 31 March 2025

	Retained earnings	Translation reserve	Total members' funds	Total funds
	£000	£000	£000	£000
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
Loss for the year	**(95)**	**-**	**(95)**	**(95)**
Currency translation differences arising in year	**-**	**(56)**	**(56)**	**(56)**
At 31 March 2025	**19,680**	**(52)**	**19,628**	**19,628**

Company statement of changes in total funds
For the year ended 31 March 2025

	Retained earnings	Total members' funds	Total funds
	£000	£000	£000
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
Loss for the year	(480)	(480)	(480)
At 31 March 2025	**15,055**	**15,055**	**15,055**

Consolidated statement of cash flows
For the year ended 31 March 2025

	Notes	31 March 2025 £000	31 March 2024 £000
Cash flow from operating activities			
Profit/(loss) before tax		216	(3,036)
Adjustments:			
• **Change in fair value of investment portfolio and interests accounted for using the equity method**	9	-	140
• **Adjustment for dividends received from investments**	8	(8)	(18)
• **Depreciation of property, plant and equipment**	13	373	380
• **Write-off/disposal of property, plant and equipment**	13	-	45
• **Amortisation of intangible assets**	12	-	242
• **Write-off of Intangible Assets**	12	-	1,911
• **Interest receivable (net of bank charges)**	8 & 9	(652)	(573)
• **Movement in loans & other working capital balances**		979	(1,707)
• **Movement on deferred income**	22	2,142	893
• **Tax charge**	11	(311)	(337)
Cash inflow/(outflow) from operations		**2,739**	**(2,060)**
Cash flow from investing activities:			
• **Bank interest received (net of bank charges)**	8 & 9	652	573
• **Purchase of intangible fixed assets**	12	-	-
• **Purchase of property, plant and equipment**	13	(89)	(82)
• **Net receipts from disposal of investments**	14	39	519
• **Dividends received from investments**	8	8	18
Cash inflow from investing activities		**610**	**1,028**
Increase/(decrease)in cash and cash equivalents		**3,349**	**(1,032)**
Cash and cash equivalents at the start of the year		27,866	28,898
Increase/(decrease) in cash and cash equivalents		3,349	(1,032)
Cash and cash equivalents at the end of the year	20	**31,215**	**27,866**

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 pp. 4-16.

2 Basis of preparation

The consolidated financial statements for the year to 31 March 2025 on pp. 26-55 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 £160,000 (2024: £150,000) and the company paid £105,000 (2024: £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 carefully considered the company's business activities, strategy, and the associated risks and controls. To assess the company's viability, management reviewed a 12-month period from the date of signing, taking into account the two-year business plan. As part of this assessment, scenario analysis was performed, considering three revenue scenarios: base case, downside case, and reverse stress case.

The base case scenario was modelled on the Group's two-year plan, approved by the Board, which anticipates modest year-on-year growth in gross margin and headcount. A downside scenario was also considered, assuming gross margin declines by 20% annually compared to the base case. To mitigate the impact of this revenue decline, no headcount additions would be made during the two-year period, coupled with a further reduction in headcount each year through natural attrition. Additionally, non-payroll expenditure would be reduced across all three years.
In both the base and downside scenarios, the Board concluded that sufficient reserves would be available to support operations for at least 12 months following the date of signing.

In the reverse stress scenario, it is assumed that no new revenue is generated, and only existing contracted revenue obligations are fulfilled. This would result in a stark and immediate headcount reduction in the first year, with further reductions anticipated in subsequent years. Under these conditions, the company would be able to continue operating until March 2027 before experiencing significant liquidity constraints. The Board does not consider this to be a reasonably possible scenario.

The Board has considered the three revenue scenarios prepared by management and based on these multiple scenarios and their divergence from the company's revenue and expenditure forecasts developed as part of the business planning process, as well as the unrestricted reserves available to the company, the Board is satisfied that the company has adequate resources to operate for the foreseeable future and considers it appropriate for the company to adopt a going concern basis in preparing its financial statements.

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 2025. 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 £0 (2024: £5,500,000) from its subsidiary company 'Carbon Trust Enterprises Limited' during the year. The company's loss for the year after dividends was £480,000 (2024: £2,345,000). 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 2025.

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.

Notes to the financial statements

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.

The Group assesses whether it is acting as a principal or an agent in its revenue arrangements. The key consideration is the extent to which the Group is exposed to the significant risks and rewards associated with the sales of goods or the rendering of services. Where the Group acts as a principal, it recognises revenue on a gross basis — that is, the total amount received or receivable from the customer. Where the Group acts as an agent, it recognises revenue on a net basis, representing only the amount retained for its services. Based on this assessment, the Group has determined that it acts as a principal in all of its revenue arrangements, except for the Offshore Wind Consortium Programmes. In these agreements, due to the nature of the contracts and the associated risks, it is concluded that the Group is acting as an agent and therefore recognises revenue on a net basis.

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

Notes to the financial statements

5 Accounting policies

The Group's accounting policies applied in preparing the consolidated financial statements for the year ended 31 March 2025 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 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.

Notes to the financial statements

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 has now been fully amortised over four years and has a carrying amount of zero. However, since the asset still exists and continues to provide economic benefits, it is retained on the balance sheet as an asset.

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.

Notes to the financial statements

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

Notes to the financial statements

6 Revenue

Revenue is analysed below

	31 March 2025 £000	31 March 2024 Restated £000
Commercial income	37,064	39,084
Grant income	22,916	12,714
Total revenue	**59,980**	**51,798**

Revenue by clients' geography

	31 March 2025 £000	31 March 2024 Restated £000
United Kingdom	42,238	31,347
Overseas	17,742	20,451
Total revenue	**59,980**	**51,798**

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 2025 £000	Grant income spent 31 March 2025 £000	Grant income received 31 March 2024 £000	Grant income spent 31 March 2024 £000
FCDO	23,885	(21,693)	8,165	(11,527)
IKEA Foundation 1 (PREO)	(43)	(66)	(67)	(501)
IKEA Foundation 2 (DGEN)	2,893	(61)	-	(347)
IKEA Foundation 3 (PREO2)	846	(781)	1,075	(133)
FCDO PACT	319	(314)	217	(205)
Other Grants	1	(1)	1	(1)
Total	**27,901**	**(22,916)**	**9,391**	**(12,714)**

Notes to the financial statements

7 Analysis of expenditure

Included in expenditure:

	31 March 2025 £000	31 March 2024 £000
Depreciation of property, plant and equipment	373	380
Amortisation of intangible assets	-	242
Research and development expenditure	523	619
Operating lease rentals	1,315	1,281
Net foreign exchange losses	189	115

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

	31 March 2025 £000	31 March 2024 £000
Fees payable to the company's auditor: company's annual accounts	105	100
Audit fees payable to the company's auditor and its associates: subsidiaries	54	50
Audit-related assurance services and other assurance services -*	20	10
Taxation services	39	44

*For audit-related assurances services in the table above £20,000 (2004: £10,000) was payable to a company that is not the company's auditors. For taxation services £8,000 (2024: £2,000) was payable to a company that is not the company's auditors.

8 Finance income

	31 March 2025 £000	31 March 2024 £000
Bank interest	682	610
Dividend income	8	18
	690	**628**

9 Finance costs

	31 March 2025 £000	31 March 2024 £000
Change in fair value of investment portfolio (see note 14)	-	140
Write-off of Intangible Assets	-	1,911
Bank charges and interest expense	29	37
	29	**2,088**

10 Staff costs and directors' remuneration

	31 March 2025	31 March 2024
	£000	£000
Wages and salaries	21,961	24,202
Social security costs	2,668	2,976
Pension costs	1,545	1,464
	26,174	**28,642**

The average number of Carbon Trust Group employees over the year (including executive directors) was 380 (2024: 408). The number of Group employees as at 31 March 2025 was 375 (2024: 406).

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

	31 March 2025	31 March 2024
	£000	£000
Highest paid director:		
Emoluments	364	379

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

	31 March 2025	31 March 2024
	£000	**£000**
Executive directors:		
Emoluments	446	836

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

	31 March 2025	31 March 2024
	£000	£000
Non-executive directors:		
Emoluments	105	132
Total directors' emoluments	**551**	**968**

No directors receive contributions to pension schemes.

Notes to the financial statements

11 Tax

a) Analysis of tax charge for the year:

	31 March 2025 £000	31 March 2024 £000
Current tax:		
Adjustment in respect of prior years	(32)	-
Overseas tax	192	115
RDD claim	(78)	(60)
Total current tax	**82**	**55**
Deferred tax:		
Adjustment to tax in respect of prior years	-	9
Current year	229	273
Total deferred tax	**229**	**282**
Total income tax charge	**311**	**337**

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 2025 £000	31 March 2024 £000
Profit/(loss) on ordinary activities before taxation	216	(3,036)
Profit/(loss) on ordinary activities multiplied by the 2025 UK corporation tax company rate of 25% (2024: 25%)	54	(759)
Effects of:		
Expenses not deductible for tax purposes	8	13
Non-taxable income	(2)	(5)
Effect of unrecognised deferred tax	165	1,059
Research and development (RD&D) tax credits	(78)	(60)
Tax due to non-controlling interest & JV	-	8
Overseas tax	196	72
Adjustment in respect of prior years	(32)	9
Total income tax charge	**311**	**337**

c) Deferred tax

	31 March 2025 £000	31 March 2024 £000
Adjustment to tax in respect of prior years	-	9
Deferred tax charge	229	273
Total deferred tax charge	**229**	**282**

A deferred tax asset of £0.8million (2024: £0.8million) 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 £6.3million (2024: £6.2million) as at 31 March 2025 in respect of losses carried forward which are revalued to the future corporation tax rate of 25% (2024: 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

	Total £000
Cost	
At 1 April 2024	317
At 31 March 2025	**317**
Amortisation	
At 1 April 2024	(317)
At 31 March 2025	**(317)**
Net book value at 31 March 2025	**-**
Net book value at 31 March 2024	-

The Group's intangible assets consist of website development costs which is now fully amortised but since the asset still exists and continues to provide benefit it is retained here.

Notes to the financial statements

13 Property, plant and equipment

The Group

	Fixtures and fittings £000	Office equipment and computers £000	Total £000
Cost			
At 1 April 2024	1,899	499	2,398
Additions	97	-	97
Disposals	(30)	(123)	(153)
At 31 March 2025	**1,966**	**376**	**2,342**
Depreciation			
At 1 April 2024	(466)	(476)	(942)
Charge for the year	(357)	(16)	(373)
Disposal	25	120	145
At 31 March 2025	**(798)**	**(372)**	**(1,170)**
Net book value at 31 March 2025	**1,168**	**4**	**1,172**
Net book value at 31 March 2024	1,433	23	1,456

The company

	Fixtures and fittings £000	Office equipment and computers £000	Total £000
Cost			
At 1 April 2024	1,817	324	2,141
Additions	86	-	86
At 31 March 2025	**1,903**	**324**	**2,227**
Depreciation			
At 1 April 2024	(443)	(322)	(765)
Charge for the year	(343)	(2)	(345)
As 31 March 2025	**(786)**	**(324)**	**(1,110)**
Net book value at 31 March 2025	**1,117**	**-**	**1,117**
Net book value at 31 March 2024	1,374	2	1,376

At the 31 March 2025 the gross carrying value of fully depreciated property, plant and equipment still in use by the Group was £439,866 (2024: £422,198).

Notes to the financial statements

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 2025	31 March 2024
	£000	£00
Equity investments	-	39

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

	2025	2025	2025	2024
	£000	£000	£000	£000
	IPEVC	Net asset basis	Total	Total
At 1 April 2024	-	39	39	698
Redemption of Units in CNRE LP	-	-	-	(519)
Change in fair value recognised using net assets	-	(39)	(39)	(140)
At 31 March 2025	**-**	**-**	**-**	**39**

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). The company's investment in Carbon Neutral Real Estate (LP) was disposed of during the year and the partnership was dissolved on the 27 March 2025.

The group received the final distribution proceeds of £38,943 in May 2024 (2024: £518,917).

15 Interests accounted for using the equity method

The group's interests in joint ventures in the year to 31 March 2025 were as follows:

	31 March 2025 Holding %	31 March 2024 Holding %	Country of incorporation
Sackville LCW (GP) Limited	33.3	33.3	England and Wales

At 31 March 2025 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 2025	31 March 2024
	£000	£000
Total interests accounted for using the equity method	-	-
Total share of joint ventures' profits	-	-

Notes to the financial statements

Sackville LCW (GP) Limited (Sackville)

The group, through its subsidiary Carbon Trust Enterprises Limited (CTEL), held a net investment of £0 (2024: £50), being 33.3% (2024: 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 2025	% Holding 2024	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. Carbon Trust (Beijing) Consulting Limited is currently under a liquidation process which is expected to conclude during 2025.

The company

	Total 2025 £000	Total 2024 £000
Cost:		
At 1 April	59,139	59,139
At 31 March	**59,139**	**59,139**
Provisions for impairments:		
At 1 April	(53,232)	(49,602)
Reversal of impairment/(impairment)	6	(3,630)
At 31 March	**(53,226)**	**(53,232)**
Net book value:		
At 31 March	**5,913**	**5,907**

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 (2024: £57.0m) in CTEL which has a carrying value of £5.7m at 31 March 2025 (2023: £5.7m) and an investment of £2.1m in CTInt (2024: £2.1m), which has a carrying value of £0.2m (2024: £0.2m) at 31 March 2025. 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 (2024: £10.4m): via one fully paid ordinary share of £1 valued at £5.2m (2024: £5.2m), which provides sustainability and other advisory consultancy services

Carbon Trust Assurance Limited - £4.8m (2024: £4.8m): via one fully paid ordinary share of £1 valued at £0.3m (2024: £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 (2024: £884,000) in Carbon Trust (Beijing) Consulting Limited
- An investment of £233,379 (2024: £233,379) in Carbon Trust Africa (Pty)
- An investment of £1 (2024: £1) in Carbon Trust Europe BV
- An investment of £1 (2024: £1) in Carbon Trust Singapore Pte. Ltd
- An investment of £196,601 (2024: £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 2025 the value of these investments are held at £196,603 (2024: £196,603) in the books of CTInt.

17 Interest free loans receivable

The Group and the company

	31 March 2025	31 March 2024
	£000	£000
Non-current loans	-	7
Current loans	7	58
	7	**65**

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 2025 the gross value of interest free loans receivable is £0.03million (2024: £0.2million). 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 £0.1million (2024: £0.1million) are restricted for reuse in Wales.

Notes to the financial statements

18 Trade and other receivables

The Group

	31 March 2025	31 March 2024
	£000	£000
Trade and other receivables	18,257	11,354
Prepayments	898	753
Deferred Tax Asset	576	805
	19,731	**12,912**

The company

	31 March 2025	31 March 2024
	£000	£000
Trade and other receivables *	9,951	2,508
Amounts owed by group undertaking	5,751	3,116
Prepayments	660	569
	16,362	**6,193**

*Included within Trade and other receivables for the Group and the company is £0.9 million (2024: £1.6 million) due from consortium partners under the Offshore Wind Consortium Programmes. Under the terms of these agreements, the Group acts as an agent, and accordingly recognises revenue on a net basis in the *consolidated statement of financial income*, representing only the amount retained for its services under these programmes. Further details are provided in Section 4(i) on page 33.

19 Accrued income

The Group

	31 March 2025	31 March 2024
	£000	£000
Commercial accrued income		
Accrued income on commercial contracts	1,910	3,128
Grant accrued income		
FCDO TEA	-	1,428
FCO PACT	71	76
	1,981	**4,632**

The company

	31 March 2025	31 March 2024
	£000	£000
Grant accrued income		
FCDO TEA	-	1,428
	-	**1,428**

Notes to the financial statements

20 Cash and cash equivalents

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

The Group

	31 March 2025 £000	31 March 2024 £000
Carbon Trust unrestricted funds	10,864	9,853
Carbon Trust Group balances restricted for reuse in low carbon technology investments	655	886
Carbon Trust Group balances restricted for reuse in Wales	2,710	2,649
Cash received in advance of costs being paid (restricted funds)	16,986	14,478
	31,215	**27,866**

Included in the balance is cash equivalents of £16.5million (2024: £14.5million) relating to cash on deposit with a maturity of less than three months. The remaining balance is cash in bank with immediate access.

The company

	31 March 2025 £000	31 March 2024 £000
Carbon Trust unrestricted funds	2,381	4,209
Carbon Trust Group balances restricted for reuse in Wales	2,710	2,649
Cash received in advance of costs being paid (restricted funds)	15,699	10,701
	20,790	**17,559**

Included in the balance is cash equivalents of £14.5million (2024: £14.5million) 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 2025 £000	31 March 2024 £000
Trade payables	9,020	3,017
Other taxes and social security	603	1,543
Accruals	8,625	8,180
	18,248	**12,740**

Notes to the financial statements

The company

	31 March 2025 £000	31 March 2024 £000
Trade payables	7,708	2,159
Amounts owed to Group undertakings	2,059	825
Accruals	6,690	5,507
	16,457	**8,491**

Included within Trade Payables for the Group and the company is £0.4 million (2024: £0.3 million) due to be paid to contractors under the Offshore Wind Consortium Programmes. Additionally, within Accruals there is £0.2 million (2024: £0.3 million) relating to amounts expected to be invoiced and paid under these programmes. Further details on these programmes are provided in Section 4(i) on page 33.

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 2025 £000	31 March 2024 Restated £000
Commercial deferred income		
Offshore wind corporate partners	7,691	7,037
Other commercial contracts	3,496	5,640
Grant deferred income		
IKEA Foundation 2 (ZGEN)	1,001	109
IKEA Foundation 3 (PREO2)	-	942
IKEA Foundation 4 (ZGEN2)	2,832	-
FCDO	850	-
	15,870	**13,728**

Notes to the financial statements

The company

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

	31 March 2025 £000	31 March 2024 Restated £000
Commercial deferred income		
Offshore wind and other corporate partners	7,691	7,037
Other	4	63
Grant deferred income		
FCDO	850	-
IKEA Foundation 2 (ZGEN)	-	109
IKEA Foundation 3 (PREO2)	1,001	942
IKEA Foundation 4 (ZGEN2)	2,832	-
	12,378	**8,151**

Included within Commercial Deferred Income for the Group and the company is £7.7million (2024: £7.0million) received in advance and due to be paid to contractors under the Offshore Wind Consortium Programmes. Under the terms of these agreements, the Group acts as an agent, and accordingly recognises revenue on a net basis in the *consolidated statement of financial income*. This means the Group and the company recognises only the amount retained for its services under these programmes, and not the revenue received to pay contractors. Further details are provided in Section 4(i) on page 33.

23 Provision for liabilities

The Group

	Holiday accrual £000	Restructure accrual £000	Total 31 March 2025 £000	Total 31 March 2024 £000
At 1 April 2024	**395**	328	**723**	**415**
Amount raised	360	-	360	723
Amount used	(395)	(328)	(723)	(415)
At 31 March 2025	**360**	**-**	**360**	**723**

Notes to the financial statements

The company

	Holiday accrual £000	Total 31 March 2025 £000	Total 31 March 2024 £000
At 1 April 2024	**351**	**351**	**354**
Amount raised	299	299	351
Amount used	(351)	(351)	(354)
At 31 March 2025	**299**	**299**	**351**

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.

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 Dollars, 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 £31.2million (2024: £27.9million), a 1% increase in the interest rate would have resulted in an additional £0.31million of interest income (2024: £0.28million) 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 maximum risk that the group is exposed to is limited to the carrying value of the non-repayable loan receivable balances at 31 March 2025.

Notes to the financial statements

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

	31 March 2025	31 March 2024
	£000	£000
At 1 April	98	128
Release of provision	(1)	(1)
Write off debts due from dissolved companies against specific provision	(68)	(28)
At end of year	**29**	**99**

As at 31 March 2025 the analysis of loans receivable were as follows:

	31 March 2025	31 March 2024
	£000	**£000**
Gross value of loans	36	164
Less provision for past due and impaired	(29)	(99)
Net value of loans	**7**	**65**

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 £0.03million change in the impairment, and a 5% increase in the discount rates would result in an £0.03million 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.

Notes to the financial statements

	31 March 2025		31 March 2024	
	Book value	Fair value	Book value	Fair value
	£000	£000	£000	£000
Financial assets				
Trade & other receivables	18,257	18,257	11,354	11,354
Accrued income	1,981	1,981	4,632	4,632
Interest free loans receivable	7	7	65	65
Cash and cash equivalents	31,215	31,215	27,866	27,866
Investment portfolio	-	-	39	39
Total financial assets	**51,460**	**51,461**	**43,956**	**43,956**

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 two categories: valued under IPEVC and net asset basis.

25 Funds attributable to members of the company

The company has eight directors (2024: 8), of which six (2024: 8) are members of the company at the end of the year There are two employee directors (2024: nil) on the board that are not members of the company.

Members fund: The members' fund at 31 March 2025 was £0 (2024: £0). 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 was (£52,000) at 31 March 2025, (2024: £4,000). 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 2025	31 March 2024
	£000	£000
Unrestricted reserves	16,307	16,174
Reserves restricted for use in low carbon technology	657	886
Reserves restricted for use in Wales	2,716	2,715
Retained earnings	**19,680**	**19,775**

Notes to the financial statements

The company

	31 March 2025 £000	31 March 2024 £000
Unrestricted reserves	12,339	12,821
Reserves restricted for use in Wales	2,716	2,714
Retained earnings	**15,055**	**15,535**

26 Financial commitments

As 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 2025 £000	Operating leases 2024 £000
Due within a year	1,245	1,254
Due > 1 year	1,775	2,467

The company

	Operating leases 2025 £000	Operating leases 2024 £000
Due within a year	874	874
Due > 1 year	1,480	2,363

27 Related party transactions

The only transactions relating to directors have been disclosed in note 10.

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 £0 (2024: £0). The directors consider future receipts under these rights to be no longer remote and have valued the asset accordingly at £245,000 (2024: £245,000)

Notes to the financial statements

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 adjustment

It has been determined that the Group is acting as an agent under the Offshore Wind Consortium Programmes, in accordance with FRS 102 Section 23. This conclusion is based on the nature of the contractual arrangements and the associated risks and rewards. This represents a change from prior periods, where the Group had assessed that it was acting as a principal in these arrangements and recognised revenue on a gross basis. As an agent, the Group and the company now recognises revenue on a net basis, reflecting only the amount retained for its services. The reassessment was made following a detailed review of the contractual terms and risk exposures.

The company

	Revenue £000	Cost of sales £000
At 1 April 2024 – As previously stated	55,061	(20,094)
Prior year adjustment	(3,263)	3,263
At 1 April 2024 - Restated	**51,798**	**16,831**

The Group

	Revenue £000	Cost of sales £000
At 1 April 2024 – As previously stated	55,061	(20,094)
Prior year adjustment	(3,263)	3,263
At 1 April 2024 - Restated	**51,798**	**16,831**