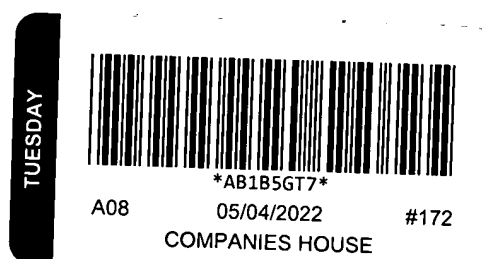




# The Baltic Exchange Limited

## Annual Report and Financial Statements



Registered Number 64795

30 June 2021

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# Company Information

## Directors

The directors of the Company who were in office during the year and up to the date of signing were:

Mr. Chng Lay Chew (resigned 30/09/2020)

Mr. Lee Beng Hong

Mr. Ng Yao Loong (appointed 30/9/2020)

## Independent Auditor

KPMG LLP  
15 Canada Square  
London E14 5GL

## Banker

The Royal Bank of Scotland  
Shipping Business Centre  
1 Princes Street  
London  
EC2R 8BP

## Registered office

The Baltic Exchange  
4th Floor  
107 Leadenhall  
London  
EC3A 4AF

# Directors' Report

The Directors of The Baltic Exchange Limited present their Annual Report, prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, together with the audited financial statements and auditor's report for the year ended 30 June 2021.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In so doing, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union ("IFRSs"), but has made amendments, where necessary, in order to comply with the requirements of the Companies Act 2006.

The Company was incorporated on 17 January 1900 and is a private company limited by shares in accordance with the Companies Act 2006.

The Company is one of the subsidiaries of Singapore Exchange Limited.

## Results

The Company made a profit before taxation for the year ended 30 June 2021 of £792,311 (2020: profit £440,252).

## Review of the business

The Company's principal activities are the sale of membership to the Baltic Exchange and property income. Performance of the underlying for the year ended 30 June 2021 has been satisfactory and the Directors expect to see an improvement during the next financial year.

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. The impact of COVID-19 is expected to continue on the global economy for the coming months with likely adverse effects on the operations and financial position of businesses. The Company has assessed, and continues to assess, material risks and their implications to the business operations as a result of the global spread of COVID-19. As this is an evolving situation, emerging risks are reviewed and actively managed accordingly as they arise.

## Future developments

The Company continues to look for new products and sources of revenue to help expand and diversify its present offering. The disposal of the long leasehold in 38 St Mary Axe (see note 19) allows the Company to focus on its core offerings.

The Russia-Ukraine conflict has caused much volatility in the global economy and the Company is closely monitoring the situation and sanctions in line with relevant regulation and government guidance. The Company is also assessing the potential effects it will have on its business, though this is currently seen as insignificant.

The impact of Brexit has been monitored and assessed as the situation developed. There has been no material impact of Brexit and, based on the current situation, this is expected to continue to be the case. The Directors will continue to monitor this as further developments crystalize.

While the situation in the UK appears to have settled in respect of the COVID-19 pandemic, the Company continues to monitor this and will activate business continuity plans again if required.

# Directors' Report (continued)

## Dividends

No dividend is recommended for the year (2020: £Nil) (see Note 19).

## Directors

The Directors of the Company at 30 June 2021 are shown on page 1.

## Political contributions

The Company made no political donations or incurred any political expenditure in the year.

## Directors' indemnities

The Company arranges third party indemnity insurance for the benefit of its directors; and this remains in force at the date of this report.

## Going concern

The Directors of The Baltic Exchange Limited, have made an assessment in preparing these financial statement as to whether the group is a going concern, covering a period of at least 12 months from the date of approval of these financial statements. The Company is expected to generate positive cashflows and, in view of the current market conditions, the Directors have considered existing and future funding lines, as well as its short-term trading operations. The Directors have also stress tested the potential impact on the Company of several scenarios by quantifying their financial impact. These scenarios represent severe and plausible circumstances that the Company could experience. Therefore, based on this the Directors are satisfied about the Company's ability to meet obligations as they fall due.

The Directors confirm the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. Accordingly, the Company financial statements have been prepared on a going concern basis.

## Disclosure of information to Auditors

Each of the persons who is a Director at the date of the approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

# Directors' Report (continued)

## **Approval of reduced disclosures**

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 101. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exceptions and has no objections.

## **Domicile**

The Company is domiciled in England.

## **Legal form**

The Company is a private limited company.

## **Country of registration**

The Company is registered in England and Wales.

By Order of the Board



Ng Yao Loong

*Director*

The Baltic Exchange Limited

4th Floor

107 Leadenhall

London

EC3A 4AF

29 March 2022

# Statement of Directors' Responsibilities in Respect of the Financial Statements

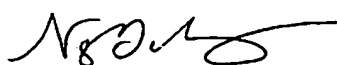
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Ng Yao Loong  
Director

29 March 2022

# Independent Auditor's Report to the members of The Baltic Exchange Limited

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## Opinion

We have audited the financial statements of The Baltic Exchange Limited ("the Company") for the year ended 30 June 2021 which comprise the Balance Sheet as at 30 June 2021; the Profit and loss account and the Statement of Changes in Equity for the year then ended; and the related notes, which include a description of the significant accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:



# Independent Auditor's Report to the members of The Baltic Exchange Limited

- Enquiring of senior management and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is fraud risk related to revenue recognition because:

- Sales are simple revenue transactions from one or few sources with few, if any, judgmental aspects to revenue recognition.
- No revenues are generated through cash sales.
- No pressures or incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition have been identified.
- The entity is not a listed or public interest entity.
- Financial stability or profitability does not appear to be threatened by current economic, industry or entity operating conditions.
- The nature of the industry or entity's operations provide limited opportunities to engage in fraudulent revenue recognition. expenses and revenues are easily verifiable from the supporting documents.
- The required procedures to address the financial statement level fraud risk related to management override of controls have been performed without identification of any fraudulent activity.
- No history of violations of laws and regulations or claims against the entity, its senior management, or those charged with governance alleging fraud or non-compliance.
- There is no history of significant audit misstatements relating to revenue recognition.
- No significant disputes with the current or predecessor auditor on accounting or reporting matters relating to revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted on weekends or bank holidays and manual journal entries posted to revenue around year end.

## *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

# Independent Auditor's Report to the members of The Baltic Exchange Limited

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

## **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either

# Independent Auditor's Report to the members of The Baltic Exchange Limited

intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Richard Pinks (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London E14 5GL  
29 March 2022

# Profit and Loss Account

For the year ended 30 June 2021

	Note	Year ended 30 June 2021 £	Year ended 30 June 2020 £
<b>Turnover</b>	3	7,474,915	6,814,999
Staff costs	6	(3,304,739)	(2,843,974)
Operating expenses	4	(3,320,440)	(3,444,642)
<b>Operating profit</b>		<b>849,736</b>	<b>526,383</b>
Income and returns from investments	5	1,049	2,374
Interest payable and similar expenses		(58,474)	(88,505)
<b>Profit before taxation</b>		<b>792,311</b>	<b>440,252</b>
Taxation	7	(184,409)	(204,860)
<b>Profit for the financial year</b>		<b>607,902</b>	<b>235,392</b>

There are no items of other comprehensive income in the current year or prior year therefore no separate statement of comprehensive income has been prepared.

There are no discontinued or acquired operations.

The notes on pages 13 to 26 form part of these financial statements.

# Balance Sheet

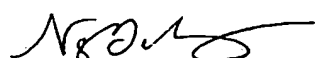
As at 30 June 2021

	Note	As at 30 June 2021 £	As at 30 June 2020 £
<b>Fixed assets</b>			
Investment properties	8	5,197,312	5,308,542
Tangible assets	9	3,365,846	3,082,428
Investment in subsidiaries	11	81,413	81,413
Non-current prepayments		3,300	-
Deferred tax		-	13,674
		<b>8,647,871</b>	<b>8,486,057</b>
<b>Current assets</b>			
Debtors	12	714,982	2,605,895
Cash at bank and in hand		2,316,374	1,085,449
		<b>3,031,356</b>	<b>3,691,344</b>
<b>Creditors: amounts falling due within one year</b>	13	(3,950,911)	(2,492,057)
Deferred revenue	14	(882,797)	(860,980)
		<b>(4,833,708)</b>	<b>(3,353,037)</b>
<b>Net current (liabilities) / assets</b>		<b>(1,802,352)</b>	<b>338,307</b>
<b>Total assets less current liabilities</b>		<b>6,845,519</b>	<b>8,824,364</b>
<b>Creditors: amounts falling due after more than one year</b>	15	-	(2,650,000)
Deferred tax	16	(63,253)	-
<b>Net assets</b>		<b>6,782,266</b>	<b>6,174,364</b>
<b>Capital and reserves</b>			
Called up share capital	17	241,930	241,930
Share premium account	17	5,030	5,030
Capital redemption reserve	17	28,070	28,070
Profit and loss account	17	6,507,236	5,899,334
<b>Total Shareholders' funds</b>		<b>6,782,266</b>	<b>6,174,364</b>

The financial statements on pages 10 to 26 were approved by the Board of Directors on 29 March 2022.

The notes on pages 13 to 26 form part of these financial statements.

Signed on behalf of the Board of Directors



Ng Yao Loong

Director

29 March 2022

# Statement of Changes in Equity

For the year ended 30 June 2021

	Called up Share capital £	Share premium £	Capital redemption reserve fund £	Profit and loss account £	Total £
Balance at 1 July 2019	241,930	5,030	28,070	5,663,942	5,938,972
Profit for year ended 30 June 2020	-	-	-	235,392	235,392
<b>Balance at 30 June 2020</b>	<b>241,930</b>	<b>5,030</b>	<b>28,070</b>	<b>5,899,334</b>	<b>6,174,364</b>
Balance at 1 July 2020	241,930	5,030	28,070	5,899,334	6,174,364
Profit for year ended 30 June 2021	-	-	-	607,902	607,902
<b>Balance at 30 June 2021</b>	<b>241,930</b>	<b>5,030</b>	<b>28,070</b>	<b>6,507,236</b>	<b>6,782,266</b>

The notes on pages 13 to 26 form part of these financial statements.

# Notes to the Financial Statements

As at 30 June 2021

## 1. Accounting policies

Baltic Exchange Limited (the 'Company') is incorporated, registered and domiciled in England and Wales (UK) as a private limited company, limited by shares.

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and in accordance with the Companies Act on a going concern basis. The amounts presented in the financial statements are for the year ended 30 June 2021 with comparative figures for the year ended 30 June 2020. The principal accounting policies adopted are described below.

### a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - i. paragraph 73 (e) of IAS 16 Property, Plant and Equipment;
  - ii. paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - iii. paragraph 118 (e) of IAS 38 Intangible Assets.
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Parties Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more wholly owned members of the group.
- the effects of new but not yet effective IFRSs

### b) Functional currency

The functional currency is Pounds Sterling, being the currency of the primary economic environment in which the Company operates.

### c) Exemption from the preparation of consolidated financial statements

The Company is a wholly-owned subsidiary of Singapore Exchange Limited (SGX) and is included in the consolidated financial statements of SGX which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of Companies Act 2006.

### d) Going concern

The Directors of The Baltic Exchange Limited, have made an assessment in preparing these financial statement as to whether the group is a going concern, covering a period of at least 12 months from the date of approval of these financial statements. The Company is expected to generate positive cashflows and, in view of the current market conditions, the Directors have considered existing and future funding lines, as well as its short-term trading operations. The Directors have also stress tested the potential impact on the Company of several scenarios by quantifying their financial impact. These scenarios represent severe and plausible circumstances that the Company could experience. Therefore, based on this the Directors are satisfied about the Company's ability to meet obligations as they fall due.

The Directors confirm the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. Accordingly, the Company financial statements have been prepared on a going concern basis.

# Notes to the Financial Statements

As at 30 June 2021

## 1. Accounting policies (continued)

### d) Going concern (continued)

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally. In considering going concern, the Company continues to closely monitor developments related to the outbreak of COVID-19. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. To assess any potential impact on the Company, the directors reassessed the components of funding, liquidity and the financial position of the Company and have concluded that the going concern basis is still appropriate. The reassessment by management demonstrated that the Company has access to sufficient funding and liquidity to withstand the current market conditions.

### e) Fixed assets

#### i. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost net of depreciation. The annual rate of depreciation used for freehold buildings is 2%. No depreciation is provided on freehold land. The Company revised its depreciation policy for freehold buildings from 1% to 2% with effect from November 2016 following a review of the useful life of its building. Revisions are accounted for prospectively as they arise from a change in accounting estimates.

#### ii. Tangible assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write off the assets to their residual value on a straight-line basis during their expected normal useful lives at varying rates depending on the type of asset.

The principal annual rates of depreciation used for this purpose are freehold buildings 2%, building plant 4%, other plant and equipment 25%, fittings 10% and furniture 25%. As noted above the Company revised its depreciation policy for freehold buildings from 1% to 2% with effect from November 2016.

#### iii. Intangible assets

Expenditure on bespoke software applications is capitalised and stated at cost less amortisation and any provision for impairment. Amortisation is calculated to write off the assets on a straight-line basis over the period during which the Company is expected to benefit, typically over four years. The amortisation period and the amortisation method are reviewed at least at each financial year end.

The carrying values of fixed assets are reviewed for impairment and, if events or changes in circumstances indicate the carrying value may not be recoverable, are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

### f) Financial instruments

#### i. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (normally the transaction price excluding transaction costs).



# Notes to the Financial Statements

As at 30 June 2021

## 1. Accounting policies (continued)

### f) Financial instruments (continued)

#### i. Financial assets and liabilities (continued)

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the debtor, the ageing profile of receivables and historical experience. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers substantially all of the risks and rewards of ownership of the financial asset to another party, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### ii. Fixed asset investments

Long-term investment in portfolios managed by third party fund managers, where investments are in publicly traded shares or instruments where fair value can be reliably measured, are carried at fair value. Fixed asset investments include short-term deposits held for future reinvestment.

#### iii. Investments in subsidiaries

Investments in subsidiaries are measured at cost less any impairment.

#### iv. Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

#### v. Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

### g) Equity instruments

Ordinary shares issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

# Notes to the Financial Statements

As at 30 June 2021

## 1. Accounting policies (continued)

### h) Foreign currency

The Company's financial statements are presented in sterling, which is also the Company's functional currency.

#### *Transactions and balances*

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

### i) Turnover

Turnover represents amounts receivable for the sale of membership to the Baltic Exchange and property income at invoiced amounts excluding value added tax. Turnover from memberships is recognised on a straight-line basis over the period to which it pertains. Property income is recognised in the Profit and Loss Account on a straight-line basis over the term of the lease. Amounts received in advance are included in deferred income.

### j) Employee benefits

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### k) Taxation

#### i. Current tax

Current tax, comprising UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### ii. Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

# Notes to the Financial Statements

As at 30 June 2021

## 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of any revisions is recognised in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the debtor, the ageing profile of receivables and historical experience. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets and there are no critical estimates. See note 12 for the net carrying amount of the receivables and associated impairment provision.

## 3. Turnover

Turnover comprises of amounts receivable excluding Value Added Tax by the Company for services provided. All the turnover shown below was invoiced in the United Kingdom. Property income represents rent and service charges receivable from tenants at 38 St Mary Axe, London.

Analysis of turnover by category:

	Year ended 30 June 2021 £	Year ended 30 June 2020 £
Membership fees	6,077,682	5,401,731
Property income	1,397,233	1,413,268
	<b>7,474,915</b>	<b>6,814,999</b>

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and related revenue recognition policies:

### Nature of goods or services

#### Membership fees

Members receive, over the subscription period, entry in the Members directory, invitations to global events, discounted Baltic Academy courses, discounted Escrow services, free debt resolution and debt recovery services, and access to postings, dry and tanker reports, weekly fixture lists, circulars and the Baltic briefing.

### When revenue is recognised

Revenue is recognised evenly over the subscription period and reported in the Profit and Loss Account for the period of subscription that has concluded in the financial period, recognising the services provided in that period.

# Notes to the Financial Statements

As at 30 June 2021

## 3. Turnover (continued)

<b>Nature of goods or services</b>	<p><u>Property income</u></p> <p>Revenues are generated from the rental of floor space to external companies and from the rental of board and meeting room space.</p>
<b>When revenue is recognized</b>	<p>Revenue is recognised evenly over the rental period and reported in the Profit and Loss Account for the period of rental that has concluded in the financial period, recognising the services provided in that period.</p>
<b>Significant payment terms</b>	<p>Payment is due prior to the start of the subscription period. As services are provided throughout the subscription period, any unrecognised revenue is deferred to the statement of financial position as "contract liabilities" which is then recognised as revenue over the remainder of the subscription period (see Note 14).</p>

## 4. Operating expenses

	2021	2020
	£	£
IT costs	818,097	164,880
Property costs	862,299	896,801
Professional fees	584,100	855,805
Depreciation	402,007	434,744
Service charges	-	81,851
Travel and entertainment	129,540	488,380
Communication, printing and postage	49,270	66,532
Insurances	83,181	61,848
Other	391,946	393,801
<b>Operating Expenses</b>	<b>3,320,440</b>	<b>3,444,642</b>

Other includes fees payable to the Company's auditors for the audit of the Company's annual report and financial statements of £42,000 (2020: £42,000) and audit of the service charges £2,000 (2020: £2,000).

# Notes to the Financial Statements

As at 30 June 2021

## 5. Income and returns from investments

	Year ended 30 June 2021 £	Year ended 30 June 2020 £
Interest on bank deposits	1,049	4,980
Loss on fair value movement of investments (Note 11)	-	(2,606)
<b>Total income and returns from investments</b>	<b>1,049</b>	<b>2,374</b>

## 6. Employees and directors

### Employees

The average number of people employed by the Company during the year, analysed by category was as follows:

	2021 No.	2020 No.
Corporate	5	5
Finance	3	3
IT	5	4
Membership and Marketing	6	5
Property	5	5
	<b>24</b>	<b>22</b>

Employment costs of all employees included above comprised:

	2021 £	2020 £
Gross wages and salaries	2,011,605	1,704,815
Discretionary bonuses	646,022	610,613
Employer's national insurance contributions	265,505	210,856
Employer's pension contributions	185,165	160,025
Other employment costs	196,442	157,665
	<b>3,304,739</b>	<b>2,843,974</b>

All directors are either non-executive or are executives of other companies within the SGX group. None of the directors is remunerated for their services as directors of Company in the financial year (2020: £nil).

# Notes to the Financial Statements

As at 30 June 2021

## 7. Taxation

The tax charge on profit for the year is calculated as follows:

	Year ended 30 June 2021 £	Year ended 30 June 2020 £
UK corporation tax:		
Current year	149,450	195,669
Adjustments in respect of prior years	(41,968)	32,514
<b>Total current tax</b>	<b>107,482</b>	<b>228,183</b>
<b>Total deferred tax (Note 16)</b>	<b>76,927</b>	<b>(23,323)</b>
<b>Tax on profit</b>	<b>184,409</b>	<b>204,860</b>

Tax expense for the year is higher (2020: higher) than the standard rate of corporation tax applied in the UK for the year ended 30 June 2021 of 19% (2020: 19%). The differences are explained below:

	Year ended 30 June 2021 £	Year ended 30 June 2020 £
Profit before taxation	792,311	440,252
Tax on profit before taxation at the standard UK corporation tax rate 19% (2020: 19%)	150,539	83,648
Effects of:		
Expenses not deductible for tax purposes	71,018	68,037
Adjustments to tax charge in respect of previous years	(37,148)	49,984
Change in rates	-	3,191
<b>Total tax charge for the year</b>	<b>184,409</b>	<b>204,860</b>

The tax rate for the current year is the same as the prior year, which has been 19% since from 1 April 2018.

The Government has utilised the Provisional Collection of Taxes Act 1968 to maintain the main corporation tax rate at 19%. Substantive enactment of the 19% tax rate occurred on 17 March 2020 and therefore the Company's future tax rate remains unchanged. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# Notes to the Financial Statements

As at 30 June 2021

## 8. Investment properties

	Freehold land and building £	Total £
<b>Cost</b>		
At 1 July 2020	6,922,865	6,922,865
Disposals	(20,606)	(20,606)
At 30 June 2021	6,902,259	6,902,259
<b>Accumulated Depreciation</b>		
At 1 July 2020	1,614,323	1,614,323
Charged to profit and loss account	92,775	92,775
Disposal	(2,151)	(2,151)
At 30 June 2021	1,704,947	1,704,947
<b>Net book value</b>		
At 30 June 2020	5,308,542	5,308,542
At 30 June 2021	5,197,312	5,197,312

In July 2020 the tenant occupied part of the freehold property was valued at £16.98 million by an external valuer, CBRE Limited, St Martin's Court, 10 Paternoster Row, London, EC4M 7HP. The valuation was prepared in accordance with the current RICS Valuation – Global Standards 2017, which incorporates the IVS, published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) (the RICS Red Book as applicable) on the basis of the IFRS 13 definition of Fair Value. As at the year end the Company's valuation was not materially different to the JLL valuation. If the financial statements reflected the increase, there would be a revaluation gain of £11.67 million. Please refer to note 19 for details on post balance sheet events related to investment property.

# Notes to the Financial Statements

As at 30 June 2021

## 9. Tangible assets

	Freehold land and building £	Building Plant £	Other plant and equipment £	Furniture and fittings £	Total £
<b>Cost</b>					
At 1 July 2020	3,060,118	4,423,966	1,195,946	930,656	9,610,686
Additions	-	-	603,908	-	603,908
Disposals	(9,109)	-	-	-	(9,109)
<b>At 30 June 2021</b>	<b>3,051,009</b>	<b>4,423,966</b>	<b>1,799,854</b>	<b>930,656</b>	<b>10,205,485</b>
<b>Accumulated depreciation</b>					
At 1 July 2020	713,581	4,238,246	852,253	724,176	6,528,256
Charged to profit and loss account	41,009	13,969	211,899	45,457	312,334
Disposals	(951)	-	-	-	(951)
<b>At 30 June 2021</b>	<b>753,639</b>	<b>4,252,215</b>	<b>1,064,152</b>	<b>769,633</b>	<b>6,839,693</b>
<b>Net book value</b>					
At 30 June 2020	2,346,538	185,720	343,690	206,480	3,082,428
<b>At 30 June 2021</b>	<b>2,297,370</b>	<b>171,751</b>	<b>735,702</b>	<b>161,023</b>	<b>3,365,846</b>

The freehold land and building is the owner occupied part of the freehold property.

## 10. Intangible assets

	2021 £	2020 £
At 1 July 2020	529,491	529,491
Additions	-	-
<b>At 30 June 2021</b>	<b>529,491</b>	<b>529,491</b>
<b>Accumulated amortisation</b>		
At 1 July 2020	529,491	529,491
Charged to profit and loss account	-	-
<b>At 30 June 2021</b>	<b>529,491</b>	<b>529,491</b>
<b>Net book value</b>		
At 30 June 2020	-	-
<b>At 30 June 2021</b>	<b>-</b>	<b>-</b>

The Index Productions Platform (IPP) was created for the Company's specific requirements. The asset is carried at £Nil net book value (2020: £Nil) and was fully amortised in 2020. There are no other individually material intangible assets.



# Notes to the Financial Statements

As at 30 June 2021

## 11. Investment in subsidiaries

Particulars of subsidiary undertakings are as follows:

	2021 £	2020 £
Name of Company (all wholly owned by The Baltic Exchange Limited):		
Baltic Exchange Derivatives Trading Limited (see below)	80,912	80,912
Baltic Exchange Information Services Limited	1	1
The Baltic Exchange (Asia) Pte. Ltd.	500	500
	<b>81,413</b>	<b>81,413</b>

Baltic Exchange Derivatives Trading Limited ("BEDT") ceased trade in December 2017 and is now a dormant company. In the period ended 30 June 2020 the investment carrying values was written down to £80,912 being the net anticipated asset value of BEDT after the settlement of all its post closure costs and it remains at £80,912.

Baltic Exchange Information Services Limited produces and distributes bulk freight market information to members and subscribers with distribution in the Asia region handled by The Baltic Exchange (Asia) Pte. Ltd.

## 12. Debtors

	2021 £	2020 £
Gross trade receivables	330,099	247,200
Less: Allowance for membership cancellations and doubtful debts	(310,991)	(151,120)
	19,108	96,080
Other debtors	55,967	733,299
Prepayments and accrued income	309,533	296,547
Amount due from subsidiaries	267,107	1,479,969
Derivative financial instruments	63,267	-
	<b>714,982</b>	<b>2,605,895</b>

## 13. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	436,653	322,796
Amounts due to subsidiaries	1,056,795	135,018
Other creditors	2,113,031	1,552,593
Taxation	149,180	195,659
Unclaimed dividends	195,252	195,252
Derivative financial instruments	-	90,739
	<b>3,950,911</b>	<b>2,492,057</b>

# Notes to the Financial Statements

As at 30 June 2021

## 14. Deferred revenue

	2021 £	2020 £
At 1 July 2020	860,980	952,196
Gross service contract value	1,198,320	1,191,555
Service revenue recognised in profit or loss	(1,176,503)	(1,282,771)
At 30 June 2021	882,797	860,980

## 15 Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Loan due to ultimate parent company	-	2,650,000
	-	2,650,000

The ultimate parent company provided a loan of £3,400,000 in November 2016 bearing interest at 3.5% per annum and repayable within five years; during 2021 this was fully repaid. Outstanding accumulated interest at 30 June 2021 of £Nil (2020: £54,106) is included under creditors falling due within one year (Note 13).

## 16. Deferred tax

	2021 £	2020 £
Deferred tax (liability) / asset	(63,253)	13,674
At 30 June 2021	(63,253)	13,674

	Fixed Asset £	Short term timing difference £	Total £
Deferred tax			
At 1 July 2020	11,394	2,280	13,674
Prior year adjustment	175	-	175
Current year movement	(77,102)	-	(77,102)
At 30 June 2020	(65,533)	2,280	(63,253)

# Notes to the Financial Statements

As at 30 June 2021

## 16. Deferred tax (continued)

	Fixed Asset	Short term timing difference	Total
Deferred tax	£	£	£
At 1 July 2019	(11,689)	2,040	(9,649)
Prior year adjustment	(17,471)	-	(17,471)
Current year movement	43,984	-	43,984
Change in rates	(3,430)	240	(3,190)
<b>At 30 June 2020</b>	<b>11,394</b>	<b>2,280</b>	<b>13,674</b>

The Government has utilised the Provisional Collection of Taxes Act 1968 to maintain the main corporation tax rate at 19%. Substantive enactment of the 19% tax rate occurred on 17 March 2020 and therefore the Company's future tax rate remains unchanged. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## 17. Called up share capital and reserves

	Number	£
Authorised ordinary shares of 50p each		
At 30 June 2020 and 30 June 2021	540,000	270,000
Allotted and fully paid ordinary shares of 50p each		
At 30 June 2020 and 30 June 2021	483,860	241,930

The Company's other reserves are as follows:

- Share premium of £5,030 arising on the original issue of shares net of any issue expenses.
- Capital redemption reserve fund of £28,070 arising from a scheme approved by shareholders in 2006 under which the Company purchased 5,614 of its own shares with a nominal value of £5.00 per share. The reserve may only be used in future for the issue of bonus shares.
- Profit and loss reserve of £6,507,236 (2020: £5,899,334) representing cumulative profits or losses, including unrealised net profit on the uplift of investments to fair value, net of dividends paid.

## 18. Controlling parties

The immediate parent undertaking is SGX Baltic Investments Pte Ltd.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Singapore Exchange Limited. Copies of the Singapore Exchange Limited consolidated financial statements can be obtained from the Company Secretary at 2 Shenton Way, #02-02 SGX Centre 1, Singapore 068804.

# Notes to the Financial Statements

As at 30 June 2021

## 19. Post balance sheet event

As at 30 June 2021 the Company owned the freehold of 38 St Mary Axe which included the land. On 11 November 2021 the Company made a long-leasehold disposal of 153 years for the building only, while retaining the freehold. The new owners will be refurbishing the building and once complete the Company intends to occupy space as a tenant.

On 1 February 2022 the Company received a dividend of £6,000,000 from its subsidiary Baltic Exchange Information Services Limited. On 9 February 2022 the Directors declared and subsequently paid a dividend of £12,000,000 to its immediate parent SGX Baltic Investments Pte Ltd.