



The Baltic Exchange Limited

Annual Report and Financial Statements

Registered Number 64795

30 June 2023



Contents

Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities in Respect of the Financial Statements	6
Independent Auditor's Report to the members of The Baltic Exchange Limited	7
Profit and Loss Account	11
Balance Sheet	12
Statement of Changes in Equity	14
Notes to the Financial Statements	15
1. General information	15
2. Accounting policies	15
3. Critical accounting judgements and key sources of estimation uncertainty	20
4. Turnover	20
5. Operating expenses	21
6. Exceptional items	21
7. Income and returns from investments	21
8. Employees and directors	22
9. Taxation	23
10. Investment properties	24
11. Intangible assets	24
12. Tangible assets	25
13. Investment in subsidiaries	25
14. Debtors	26
15. Creditors: Amounts falling due within one year	26
16. Deferred revenue	26
17. Leases	27
18. Deferred tax	27
19. Called up share capital and reserves	28
20. Controlling parties	28
21. Post balance sheet event	28

The Baltic Exchange Limited

Company Information

Directors

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

Mr. Lee Beng Hong (Resigned on 25 November 2023)
Mr. Ng Yao Loong (Resigned on 25 November 2023)
Mr. William Chin (Appointed on 24 November 2023)
Mr. Mark Jackson (Appointed on 24 November 2023)
Mr. Roderick Martin (Appointed on 24 November 2023)

Independent Auditor

KPMG LLP
15 Canada Square
London E14 5GL

Banker

The Royal Bank of Scotland
Chatham (Shipping)
Waterside Court
Chatham Maritime
Kent ME4 4RT

Registered office

The Baltic Exchange
77 Leadenhall Street
London
EC3A 3DE

The Baltic Exchange Limited

Strategic report

The directors present their Strategic Report for The Baltic Exchange Limited ("the Company") for the year ended 30 June 2023.

Principal activities and review of the business

The Company's principal activities are the sale of membership to the Baltic Exchange. Performance of the underlying for the year ended 30 June 2023 has been satisfactory and the Directors expect to see an improvement during the next financial year.

Financial key performance indicators

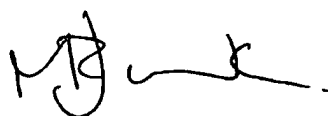
The directors consider the following measures as key performance indicators of the company's performance:

	Year Ended 30 June 2023 £	Year Ended 30 June 2022 £
Turnover	6,791,948	6,412,637
Operating Profit	383,131	253,405

Financial risk management

The Company is exposed to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk arising from its business activities. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

By Order of the Board



Mark Jackson
Director
22 December 2023
Baltic Exchange Limited
77 Leadenhall Street
London
EC3A 3DE

The Baltic Exchange Limited

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 2023.

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 United Kingdom ("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 2023 of £466,192 (2022: profit £2,215,604).

Principal activities and review of the business

The principal activities of the Company are set out in the Strategic Report on page 2.

Future developments

The Company continues to look for new products and sources of revenue to help expand and diversify its present offering.

The Company continues to monitor the volatility in the global economy, including the conflicts in Eastern Europe and the Middle East, 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.

Dividends

Dividends paid during the year of £7,214,477 (2022: £12,000,000).

Directors

The Directors of the Company at 30 June 2023 are shown on page 1.

Political contributions

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

The Baltic Exchange Limited

Directors' Report (continued)

Qualifying third party 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. A qualifying third party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by the ultimate parent undertaking throughout the financial year and up to the date of signing these financial statements.

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 Auditor

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 Auditor is 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 Auditor is 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 Auditor

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.

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.

The Baltic Exchange Limited

Directors' Report (continued)

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

A handwritten signature in black ink, appearing to be 'MJ' followed by a stylized flourish.

Mark Jackson

Director

22 December 2023

The Baltic Exchange Limited

77 Leadenhall Street

London

EC3A 3DE

The Baltic Exchange Limited

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Mark Jackson
Director
22 December 2023

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

Opinion

We have audited the financial statements of The Baltic Exchange Limited ("the Company") for the year ended 30 June 2023 which comprise the Balance Sheet as at 30 June 2023, the Profit and Loss Account and the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 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.

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

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:

- 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 a fraud risk related to revenue recognition because revenue is non-complex, there is few, if any, judgmental aspects to revenue recognition, the entity is not a listed or public interest entity, and most revenue transactions can be traced to cash.

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 journal entries containing key words and numbering, and unusual journal entries to revenue.

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.

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.

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

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.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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 6, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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.

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.



Arben Canolli (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL
22 December 2023

The Baltic Exchange Limited

Profit and Loss Account For the year ended 30 June 2023

	Note	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Turnover	4	6,791,948	6,412,637
Staff costs	8	(3,696,241)	(3,238,760)
Operating expenses	5	(2,712,576)	(2,920,472)
Operating profit before exceptional items		383,131	253,405
Exceptional items	6	-	1,945,460
Operating profit		383,131	2,198,865
Income and returns from investments	7	83,061	16,739
Profit before taxation		466,192	2,215,604
Taxation	9	(25,026)	(165,263)
Profit for the financial year		441,166	2,050,341

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 15 to 28 form part of these financial statements.

The Baltic Exchange Limited

Balance Sheet

As at 30 June 2023

	Note	As at 30 June 2023 £	As at 30 June 2022 Restated ¹ £
Fixed assets			
Investment properties	10	1,452,101	1,452,101
Intangible assets	11	937,312	800,300
Tangible assets	12	32,774	40,689
Investment in subsidiaries	13	81,413	81,413
Non-current prepayments		134,099	-
		2,637,699	2,374,503
Current assets			
Debtors	14	920,116	4,720,886
Cash at bank and in hand		4,557,636	7,862,154
Short-term fixed deposit		7,500,000	-
		12,977,752	12,583,040
Creditors: amounts falling due within one year	15	(2,837,878)	(2,609,465)
Deferred revenue	16	(818,768)	(741,685)
		(3,656,646)	(3,351,150)
Net current assets / (liabilities)		9,321,106	9,231,890
Total assets less current liabilities		11,958,805	11,606,393
Operating Lease	17	(8,584,775)	(8,641,038)
Deferred tax	18	(100,257)	(132,748)
Net assets		3,273,773	2,832,607
Capital and reserves			
Called up share capital	19	241,930	241,930
Share premium account	19	5,030	5,030
Capital redemption reserve	19	28,070	28,070
Profit and loss account	19	2,998,743	2,557,577
Total Shareholders' funds		3,273,773	2,832,607

¹ Please see note 11 Intangible Assets for details.

The Baltic Exchange Limited

Balance Sheet

As at 30 June 2023

The financial statements on pages 11 to 28 were approved by the Board of Directors on 22 December 2023.

The notes on pages 15 to 28 form part of these financial statements.

Signed on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Mark Jackson', with a long horizontal stroke extending to the right.

Mark Jackson
Director
22 December 2023

The Baltic Exchange Limited

Statement of changes in equity For the year ended 30 June 2023

	Called up Share capital £	Share premium £	Capital redemption reserve fund £	Profit and loss account £	Total £
Balance at 1 July 2021	241,930	5,030	28,070	6,507,236	6,782,266
Profit for year ended 30 June 2022	-	-	-	2,050,341	2,050,341
Dividend received	-	-	-	6,000,000	6,000,000
Dividend paid	-	-	-	(12,000,000)	(12,000,000)
Balance at 30 June 2022	<u>241,930</u>	<u>5,030</u>	<u>28,070</u>	<u>2,557,577</u>	<u>2,832,607</u>
Balance at 1 July 2022	241,930	5,030	28,070	2,557,577	2,832,607
Profit for year ended 30 June 2023	-	-	-	441,166	441,166
Dividend received	-	-	-	7,214,477	7,214,477
Dividend paid	-	-	-	(7,214,477)	(7,214,477)
Balance at 30 June 2023	<u>241,930</u>	<u>5,030</u>	<u>28,070</u>	<u>2,998,743</u>	<u>3,273,773</u>

The notes on pages 15 to 28 form part of these financial statements.

The Baltic Exchange Limited

Notes to the Financial Statements For the year ended 30 June 2023

1. General information

The Baltic Exchange Limited (the 'Company') is incorporated, registered and domiciled in England and Wales (UK) as a private limited company, limited by shares. The Company's principal activities are the sale of membership to the Baltic Exchange.

2. Accounting policies

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 2023 with comparative figures for the year ended 30 June 2022. 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 pound 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 401 of Companies Act 2006.

The Baltic Exchange Limited

Notes to the Financial Statements

For the year ended 30 June 2023

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.

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. No depreciation is provided on freehold land.

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 other plant and equipment 20% and furniture 25%.

iii. Intangible assets

Intangible fixed assets are stated at cost net 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 five 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.

The Baltic Exchange Limited

Notes to the Financial Statements For the year ended 30 June 2023

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).

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. Investments in subsidiaries

Investments in subsidiaries are measured at cost less any impairment.

iii. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

iv. 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.

The Baltic Exchange Limited

Notes to the Financial Statements For the year ended 30 June 2023

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.

h) Foreign currency

The Company's financial statements are presented in pound 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

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

The Baltic Exchange Limited

Notes to the Financial Statements For the year ended 30 June 2023

ii. Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

i) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see note 2f). The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other'.

The Baltic Exchange Limited

Notes to the Financial Statements

For the year ended 30 June 2023

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, 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 14 for the net carrying amount of the receivables and associated impairment provision.

4. 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 operating lease revenue recognition (see note 17) and also rent and service charges receivable from tenants at 38 St Mary Axe, London

Analysis of turnover by category:

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Membership fees	1,420,335	1,762,395
Service charge income from subsidiaries	5,276,450	4,208,971
Property income	95,163	441,271
	6,791,948	6,412,637

Membership also includes service charges income charged to the Company's subsidiaries which relate to a share of staff functions, external consultants, legal and professional services, governance councils, IT, marketing and corporate costs.

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

The Baltic Exchange Limited

Notes to the Financial Statements

For the year ended 30 June 2023

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.

5. Operating expenses

	2023 £	2022 £
IT costs	307,425	624,790
Property costs	577,616	720,054
Professional fees	497,246	796,920
Amortisation	288,043	252,296
Depreciation	15,230	77,207
Travel and entertainment	634,730	520,150
Communication, printing and postage	60,872	47,451
Insurances	85,395	80,556
Other	246,019	(198,952)
Operating Expenses	2,712,576	2,920,472

Professional fees include fees payable to the Company's auditor for the audit of the Company's annual report and financial statements of £47,000 (2022: £30,000) and audit of the service charges £Nil (2022: £2,000).

6. Exceptional items

On 10 November 2021 the Company made a long-leasehold disposal for the building only, while retaining the freehold and land. The transaction was allocated between an operating lease (see note 17) and a finance lease. The amount allocated to the finance lease resulted in an exceptional gain of £1,945,460.

7. Income and returns from investments

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Interest on bank deposits	83,061	16,739
Total income and returns from investments	83,061	16,739

The Baltic Exchange Limited

Notes to the Financial Statements For the year ended 30 June 2023

8. Employees and directors

Employees

The average number of people employed by the Company during the year was 26 (2022: 27).

Employment costs of all employees included above comprised:

	2023	2022
	£	£
Gross wages and salaries	2,165,243	2,006,631
Discretionary bonuses	986,276	821,766
Employer's national insurance contributions	275,647	229,491
Employer's pension contributions	215,988	203,443
Other employment costs	53,087	(22,571)
	3,696,241	3,238,760

All directors serving during the period 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 (2022: £nil). The directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report. The full remuneration of the directors is borne by other group undertakings and the proportion of the directors remuneration allocated to the entity is immaterial.

The Baltic Exchange Limited

Notes to the Financial Statements

For the year ended 30 June 2023

9. Taxation

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

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
UK corporation tax:		
Current year	105,123	66,872
Adjustments in respect of prior years	(47,606)	28,896
Total current tax	57,517	95,768
Total deferred tax (Note 18)	(32,491)	69,495
Tax on profit	25,026	165,263

Tax expense for the year is lower (2022: lower) than the standard rate of corporation tax applied in the UK for the year ended 30 June 2023 of 20.5% (2022: 19%). The differences are explained below:

	Year ended 30 June 2023 £	Year ended 30 June 2022 £
Profit before taxation	466,192	2,215,604
Tax on profit before taxation at the standard		
UK corporation tax rate 20.5% (2022: 19%)	95,569	420,965
Effects of:		
Expenses not deductible for tax purposes net of incentives	19,021	31,947
Adjustments to tax charge in respect of previous years (and Note 18)	(64,741)	28,953
Income not subject to tax	-	(369,637)
Effect of changes in tax rates	(4,901)	31,859
Withholding tax	-	14,686
Group relief surrendered	-	6,490
Tax incentives and rebates	(19,922)	-
Total tax charge for the year	25,026	165,263

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability at 30 June 2023 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2022: 19%).

The Baltic Exchange Limited

Notes to the Financial Statements For the year ended 30 June 2023

10. Investment properties

	Freehold land
Cost	£
At 1 July 2022	1,452,101
At 30 June 2023	1,452,101
Net book value	
At 30 June 2022	1,452,101
At 30 June 2023	1,452,101

11. Intangible assets

	Computer software	Assets under development	Total
Cost	£	£	£
At 1 July 2022	1,455,629	-	1,455,629
Additions	199,773	225,282	425,055
At 30 June 2023	1,655,402	225,282	1,880,684
Accumulated amortisation			
At 1 July 2022	655,329	-	655,329
Charged to profit and loss account	288,043	-	288,043
At 30 June 2023	943,372	-	943,372
Net book value			
At 30 June 2022	800,300	-	800,300
At 30 June 2023	712,030	225,282	937,312

Assets under development represents work in progress of a capital nature on an ongoing project which is anticipated to go live during FY2024.

The Directors have identified during the current year that Computer software should be classified as Intangible assets rather than tangible fixed assets and therefore restated this in both current and prior year. This has no P&L or net asset impact.

The Baltic Exchange Limited

Notes to the Financial Statements For the year ended 30 June 2023

12. Tangible assets

Cost	Other plant and equipment restated £	Furniture and fittings £	Total £
At 1 July 2022	165,429	316,820	482,249
Additions	-	7,315	7,315
At 30 June 2023	165,429	324,135	489,564
Accumulated depreciation			
At 1 July 2022	156,265	285,295	441,560
Charged to profit and loss account	5,169	10,061	15,230
At 30 June 2023	161,434	295,356	456,790
Net book value			
At 30 June 2022	9,164	31,525	40,689
At 30 June 2023	3,995	28,779	32,774

Restated – see note 11 above

13. Investment in subsidiaries

Particulars of subsidiary undertakings are as follows:

	2023 £	2022 £
Name of Company (all wholly owned by The Baltic Exchange Limited):		
Baltic Exchange Derivatives Trading Limited	80,912	80,912
Baltic Exchange Information Services Limited	1	1
The Baltic Exchange (Asia) Pte. Ltd.	500	500
	81,413	81,413

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

The Baltic Exchange Limited

Notes to the Financial Statements For the year ended 30 June 2023

14. Debtors

	2023 £	2022 £
Gross trade receivables	199,597	669,207
Less: Allowance for membership cancellations and doubtful debts	(79,430)	(295,448)
	120,167	373,759
Other debtors	206,560	75,050
Prepayments and accrued income	147,832	109,429
Amount due from subsidiaries	336,995	4,162,648
Derivative financial instruments	108,562	-
	920,116	4,720,886

15. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	157,838	180,243
Amounts due to subsidiaries	656,335	80,912
Other creditors	1,774,242	1,767,479
Taxation	62,819	52,186
Unclaimed dividends	186,644	186,644
Derivative financial instruments	-	342,001
	2,837,878	2,609,465

16. Deferred revenue

	2023 £	2022 £
At 1 July 2022	741,685	882,797
Gross service contract value	1,272,950	1,222,128
Service revenue recognised in profit or loss	(1,195,867)	(1,363,240)
At 30 June 2023	818,768	741,685

The Baltic Exchange Limited

Notes to the Financial Statements For the year ended 30 June 2023

17. Leases

On 10 November 2021 the Company made a long-leasehold disposal for the building only, allocated between a finance lease and an operating lease. The company retained the freehold and land. In June 2021 a valuation was prepared by an external valuer JLL, Walbrook Building, 25 Walbrook, London, EC4N 8AF in accordance with the current RICS Valuation – Global Standards 2017, incorporating the IVS, and the RICS Valuation – Global Standards 2017 – UK national supplement published by the RICS (the RICS Red Book). Based on the percentage split provided between building and land it was determined that the valuation of the land was £8,734,600 to be recognised as an operating lease over 153 years. Of this £57,089 has been reported within Turnover, £57,089 within Creditors: Amounts falling due within one year and £8,584,775 within Creditors: amounts falling due greater than one year.

18. Deferred tax

	2023 £	2022 £
Deferred tax (liability)	(100,257)	(132,748)
At 30 June 2022	(100,257)	(132,748)

	Fixed assets £	Short term temporary difference £	Total £
Deferred tax			
At 1 July 2022	(135,748)	3,000	(132,748)
Prior year adjustment	17,175	-	17,175
Current year movement	18,316	(3,000)	15,316
Change in rates	-	-	-
At 30 June 2023	(100,257)	-	(100,257)

	Fixed Asset £	Short term temporary difference £	Total £
Deferred tax			
At 1 July 2021	(65,533)	2,280	(63,253)
Prior year adjustment	(57)	-	(57)
Current year movement	(37,579)	900	(36,679)
Change in rates	(32,579)	(180)	(32,759)
At 30 June 2022	(135,748)	3,000	(132,748)

The Baltic Exchange Limited

Notes to the Financial Statements For the year ended 30 June 2023

19. Called up share capital and reserves

	Number	£
Authorised ordinary shares of 50p each		
At 30 June 2022 and 30 June 2023	540,000	270,000
Allotted and fully paid ordinary shares of 50p each		
At 30 June 2022 and 30 June 2023	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 £2,999,306 (2022: £2,557,577) representing cumulative profits or losses, including unrealised net profit on the uplift of investments to fair value, net of dividends paid.
- On 22 November 2022 the Company received a dividend of £5,000,000 from its subsidiary Baltic Exchange Information Services Limited. On the 12 December 2022 the Directors declared and subsequently paid a dividend of £6,000,000 (£11.11 per share) to its immediate parent SGX Baltic Investments Pte Ltd.
- On 13 June 2023 the Company received a dividend of £1,214,477 from its subsidiary Baltic Exchange Information Services Limited. On the 13 June 2023 the Directors declared and subsequently paid a dividend of £2,428,954 (£4.50 per share) to its immediate parent SGX Baltic Investments Pte Ltd.

20. 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.

21. Post balance sheet event

On 23 October 2023 the Company received a dividend of £1,342,494 from its subsidiary Baltic Exchange Information Services Limited. On 23 October 2023 the Directors declared and subsequently paid a dividend of £3,266,203 to its immediate parent SGX Baltic Investments Pte Ltd.