

# Baltic Exchange Charitable Foundation

Annual report and financial statements for the year ended 31  
December 2021

Registered Charity No. 1178830

# BALTIC EXCHANGE CHARITABLE FOUNDATION

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# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Trustees' annual report

Year ended 31 December 2021

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### ANNUAL AND STRATEGIC REPORT

The Trustees present their annual and strategic report along with the financial statements of the Charity for the year ended 31 December 2021. The financial statements have been prepared in accordance with the accounting policies set out in note 2 to the financial statements and comply with the Charities Act 2011.

### OBJECTIVES AND ACTIVITIES

The objectives of the Charity, as set out in its constitution, are:

- Such purposes and objects being charitable according to the law of England and Wales
- Relief of persons in need, within the definition of potential beneficiaries

The potential beneficiaries are the life members of the former Baltic Exchange Charitable Society; individuals engaged or formerly engaged in maritime activities; the spouses, civil partners, widows, widowers, issue or other dependants of the foregoing; and the employees and former employees of the Baltic Exchange.

### Activities in the year

The Charity was formed to take over the activities of the following charitable trusts:

- The Baltic Exchange Charitable Society
- The London Shipowners' and Shipbrokers' Benevolent Society
- The Baltic Charitable Fund
- The Bonno Krull Fund

On 31 March 2021, the trusts transferred their activities to the Charity; prior to that date the Charity was largely inactive.

After the transfer, the Charity carried on the activities of the trusts transferred, namely:

- The provision of support of individuals in need
- The awarding of grants to institutions connected with the maritime industry

### Supporting individuals in need

The Charity supports individuals by the award of financial grants and the provision of interest free loans.

The financial grants are awarded as annual grants to help towards the payment of day-to-day expenses or as special grants to cover unexpected or unaffordable one off expenses incurred by the beneficiaries. The annual grants are paid quarterly and reviewed on an annual basis, whereas special grants are paid on an ad hoc basis as required.

In the year, the Charity continued to support 10 individuals receiving annual grants and also paid special grants to a further 4 individuals.

The Charity has six secured loans to individuals. During the year, one loan was increased by £15,260, but otherwise there were no other changes.

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### Grants to institutions

During the year, the Charity awarded 9 grants to various institutions linked to the maritime industry and continued to pay four grants awarded by a predecessor charity. The significant grants awarded in the year were:

Recipient	Purpose of the award	Amount
Seafarers' Charity	Seafarers International Relief Fund, an initiative launched by seafarer welfare charities and shipping industry figures to support the seafaring community in response to the ongoing and increasingly devastating effects of Covid-19. Through this initiative, the hope was to raise an initial USD 1 million to help seafarers and their families	10,000
Institute of Chartered Shipbrokers	Support for the annual examination process for two years	24,160
Stella Maris	Stella Maris is the largest ship-visiting network in the world, which seeks to improve the lives of seafarers and fishers. The grant is to fund Stella Maris' work at ports around the world	10,000
Jubilee Sailing Trust	Support in the replacement of 1 sail in the sail refurbishment programme for SV 'Tenacious'.	10,871

The Trustees note with regret that the Jubilee Sailing Trust recently announced that it had to place the company that owns *SV Tenacious* into liquidation.

### Public benefit

The Trustees have had regard to the Charity Commission's guidance on public benefit and will consider that guidance in their future activities.

### Plans for Future Periods

The Trustees expect to continue the activities of the charity as described above for the foreseeable future.

## FINANCIAL REVIEW

### Financial performance

The Statement of Financial activities sets out the income and expenditure of the Charity; as explained above Charity was active only for the 9 months of the financial year. The most significant item recorded is the fair value of the reserves of the predecessor charities transferred to the Charity in the year (£9.8 million).

The review of annual grants to individuals was deferred from the final trustee meeting of 2021 to the first meeting of 2022. Therefore the results only include the cost of the special grants awarded in the year and changes in annual grants.

The Charity has incurred relative high administration costs in the period, reflecting the efforts needed to combine the activities of the four predecessor charitable trusts. These cost together with the cost

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## Trustees' annual report

### Year ended 31 December 2021

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of the grants awarded, exceeded the income from investments. However, a revaluation surplus of £565,000 was generated on the investments, resulting in an increase in the reserves over the period.

The Charity's closing balance sheet position is robust, with significant reserves and cash on hand in excess of £1 million.

#### Investment policy

The investment policy is as follows:

- Target return of 4% per annum after inflation (as measured by CPI)
- Target asset allocation ranges as follows:

	Lower bound	Upper bound
Cash	-%	20%
Government and corporate bonds	10%	30%
Total cash and bonds	10%	40%
UK Equities	20%	50%
International equities	20%	60%
Property	-%	15%
Alternatives	-%	10%

- Overall medium risk approach

The trustees consider that the investments are held for the long term and therefore typically consider the investment performance over a rolling multi-year period.

#### Investment review

The portfolio showed an annualised total return of 10.9%, which is in line with the target return as detailed above.

#### Reserves

The reserves comprise:

- Bonno Krull Endowment Fund

This is a permanent endowment fund which was created by the will of Bonno Julius Leopold Krull. The income from the fund is to be used to maintain the grave of Mr Krull and his wife, with any surplus to be used for charitable purposes connected to shipbroking and shipping.

- Restricted Funds

The restricted funds comprise the reserves of the former Baltic Exchange Charitable Society and the former London Shipowners' and Shipbrokers' Benevolent Society. The Baltic Exchange Charitable Society reserves are to be used to support the former members of the Society and their dependents. The London Shipowners' and Shipbrokers' Benevolent Society reserves are to be used to support those who have been involved in ship owning and ship broking businesses and their dependants.

The unrestricted funds comprise the funds from the other predecessor charity and the unexpended Bonno Krull income.

# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Trustees' annual report

Year ended 31 December 2021

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The Charity's free reserves comprise cash held in operating bank accounts and sundry debtors, less current creditors. The Trustees aim to draw down cash from investments as needed, maximising the funds available to invest and resulting in minimal cash held in operating bank accounts. This equates to a free reserves target of £nil. The current level of free reserves is £408,113; the reserves exceed the target as a long term beneficiary loan was repaid in the prior year. After the year end, the trustees reinvested some of the excess thus reducing the reserves to be in line with the target.

### Principal risks and uncertainties, and risk management

The Trustees review the risks facing the Charity periodically and confirm that they have taken appropriate steps to manage the risks arising.

The most significant risks that the Charity faces are:

- Market risk arising from the investments held by the Charity. The risk is mitigated by delegating day to day responsibility to professional investment managers, by splitting the investments into different portfolios and appointing two firms to manage the portfolios, and by having a split of investment types.
- Reputational risk as a result of potential beneficiary fraud. This is mitigated by undertaking robust reviews of applications and ongoing contact with the beneficiaries.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing Document

The Charity is a charitable incorporated organisation which was incorporated on 18 June 2018. The governing document is the Constitution.

### Appointment of trustees

Under the Rules of the Charity, the trustees comprise:

- The Chief Financial Officer of the Baltic Exchange Limited;
- One individual appointed by the Baltic Exchange Council; and
- Up to ten individuals appointed by the Charity's trustees.

### Trustee recruitment

The Board maintains a constant watch for suitable candidates to replace retiring Trustees from time to time.

### Trustee training

Newly appointed Trustees are provided with a copy of the Constitution together with the Charity Commission's Guidance for Trustees. All Trustees are informed of updated charity investment guidance provided by fund managers as well as being encouraged to take up training seminars and workshops.

### Management

The Charity has no staff and is managed by its Trustees. The Trustees are assisted by the secretary.

The Charity continues to provide secretarial services to the Corn Exchange Benevolent Society (Charity No. 207733). The Charity makes an appropriate charge to those charities to cover a fair proportion of the costs of these services.

# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Trustees' annual report

### Year ended 31 December 2021

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#### Grant making policy

##### Grants to individuals

The Charity helps beneficiaries with annual grants that are paid in quarterly instalments and are based on income benchmarks which are set for single beneficiaries, married couples and families. All such grants are based on a recipient's financial circumstances which are reviewed at quarterly intervals. Emergency or one-off special grants are awarded as deemed necessary by the Trustees. Those claiming assistance are required to provide full details of income and expenditure, and financial need must be established before any help can be offered. The Trustees are always mindful of the "need" qualification in the Charity's objects. All grants are awarded after full consultation amongst the Trustees.

##### Grants to institutions

The Charity principally supports institutions focussed in the maritime sector. These institutions in the main cover education, pastoral support to seafarers and their families and other related charitable works. These grants in the main are of a one-off nature but can extend on a repeat basis over a fixed period of time. All grants are awarded after full consultation amongst the Trustees.

#### REFERENCE AND ADMINISTRATIVE INFORMATION

##### Name and Registered Number of Charity

The Charity is registered as "The Baltic Exchange Charitable Foundation" and its registered number is 1178830.

##### Principal Address

The principal address of the Charity is PO Box 6311, Newbury, RG14 9RF. The Charity's email address is [anthony.carroll@becf.co.uk](mailto:anthony.carroll@becf.co.uk).

##### Names of Trustees

The Trustees who acted during the year and subsequently were as follows:

WM Robson (Chairman)	DA Petropoulos
RT Reed	MA Read
CJ Nolan	FWA Crouch
MR Jackson	LC Varnavides
EB Mavroleon (resigned 14 July 2022)	NA Harper (resigned 24 July 2022)
CM Morton (resigned 24 July 2022)	KA Marsh (appointed 11 October 2023)

##### Investment advisers (as at 31 December 2021)

- Thomas Miller Investment Ltd, 90 Fenchurch Street, London, EC3M 4ST.
- Quilter Cheviot Limited, Senator House, 85 Queen Victoria Street, London, EC4V 4AB

##### Bankers

- Royal Bank of Scotland Plc, 36 St. Andrew Square, Edinburgh, Scotland, EH2 2YB
- National Westminster Bank Plc, 250 Bishopsgate, London EC2M 4AA

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## Trustees' annual report

### Year ended 31 December 2021

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#### Independent auditor

- CLA Evelyn Partners Limited, Onslow House, Onslow Street, Guildford, GU1 4TL

#### Auditor

A resolution on 11 October 2023 has been passed to appoint Cresswells Accountants (UK) Limited to be the auditor of the Charity for financial year 2023. Evelyn Partners LLP will act as independent examiner for the year ended 31 December 2022.

Approved by order of the board of Trustees and signed on their behalf by:

*W. M. Robson*

WM Robson  
Chair of the Trustees

Date: 26/06/2024



# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Trustees' responsibilities statement

For the year ended 31 December 2021

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The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable regulations). Under that law the Trustees 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 Charity and of the incoming resources and application of resources of the Charity for that period.

In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records which are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the constitution. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Independent Auditor's Report to the trustees of Baltic Exchange Charitable Foundation

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### Opinion

We have audited the financial statements of Baltic Exchange Charitable Foundation (the 'charity') for the year ended 31 December 2021 which comprise statement of financial activities, balance sheet, statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The other information comprises the information included in the *Annual Report and Financial Statements*, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the *Annual Report and Financial Statements*. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities

# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Independent Auditor's Report to the trustees of Baltic Exchange Charitable Foundation (continued)

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(Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- sufficient accounting records have not been kept; or
- the information given in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the charity's legal and regulatory framework through enquiry of the trustees in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the charity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of charity regulation.

We understand that the charity complies with the framework through:

- Updating operating procedures and internal controls as legal and regulatory requirements change;
- Regular reviews of risk by the Trustees;
- Approval by the Trustees of the grants awarded;
- The Trustees' close oversight through regular board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the charity's ability to conduct operations and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the charity:

# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Independent Auditor's Report to the trustees of Baltic Exchange Charitable Foundation (continued)

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- FRS 102 and the requirements of the Charities Act 2011 in respect of the preparation and presentation of the financial statements; and
- Charity law and regulation.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries of the secretary and a Trustee (as representative of the Trustees as a whole) as to the risks of non-compliance and any instances thereof;
- Reading minutes of trustee meetings.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- Management override of control
- The correct classification of the funds received from the predecessor charities

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of journal entries, selected through applying specific risk assessments based on the charity's processes and controls surrounding journal entries; and
- Comparison of the objects of the predecessor charities with those of the charity and consideration of legal advice

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Other matter

The financial statements of Baltic Exchange Charitable Foundation for the year ended 31 December 2020 were unaudited.

### Use of our report

This report is made solely to the charity's trustees as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

  
CLA Evelyn Partners Limited (Jun 26, 2024 15:49 GMT+1)

CLA Evelyn Partners Limited  
Statutory Auditor  
Chartered Accountants

Onslow House  
Onslow Street  
Guildford  
GU1 4TL

Date: 26/06/2024

**BALTIC EXCHANGE CHARITABLE FOUNDATION**  
**Statement of Financial Activities**  
**As at 31 December 2021**

	Notes	Un- restricted Funds 2021 £	Restricted Funds 2021 £	Bonno Krull Endow- ment Fund 2021 £	Total Funds 2021 £	Total Funds 2020 £
<b>Income:</b>						
Donations and legacies	6	0	190	-	190	-
Investment Income	7	79,477	100,708	-	180,185	-
		<u>79,477</u>	<u>100,898</u>	<u>-</u>	<u>180,375</u>	<u>-</u>
Funds transferred from predecessor charities	19	2,405,369	6,488,580	865,459	9,759,408	-
<b>Total</b>		<u><b>2,484,846</b></u>	<u><b>6,589,478</b></u>	<u><b>865,459</b></u>	<u><b>9,939,783</b></u>	<u><b>-</b></u>
<b>Expenditure:</b>						
<b>Raising Finance</b>						
Investment management costs		10,656	25,339	4,232	40,227	-
<b>Charitable Activities</b>						
Grants to individuals	8	-	15,605	-	15,605	-
Grants to institutions	9	61,981	-	-	61,981	-
Support costs	10	11,028	21,700	-	32,728	-
Governance costs	11	21,522	42,355	-	63,877	-
		<u>105,187</u>	<u>104,999</u>	<u>4,232</u>	<u>214,418</u>	<u>-</u>
<b>Total Expenditure</b>		<u><b>105,187</b></u>	<u><b>104,999</b></u>	<u><b>4,232</b></u>	<u><b>214,418</b></u>	<u><b>-</b></u>
<b>Net gains on Investments</b>	12	<u>228,367</u>	<u>265,878</u>	<u>70,834</u>	<u>565,079</u>	<u>-</u>
<b>Net movement in funds</b>		<u><b>2,608,026</b></u>	<u><b>6,750,357</b></u>	<u><b>932,061</b></u>	<u><b>10,290,444</b></u>	<u><b>-</b></u>
<b>Total funds brought forward</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total funds carried forward</b>	16	<u><b>2,608,026</b></u>	<u><b>6,750,357</b></u>	<u><b>932,061</b></u>	<u><b>10,290,444</b></u>	<u><b>-</b></u>

# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Balance sheet

As at 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
<b>Non-Current Assets</b>			
Investments	13	9,029,705	-
<b>Current Assets</b>			
Debtors: amounts falling due after more than one year	14	315,639	-
Debtors: amounts falling due within one year	14	86,941	-
Cash at bank and in hand		1,041,691	300,909
<b>Total Current Assets</b>		<b>1,444,271</b>	<b>300,909</b>
<b>Liabilities</b>			
Creditors: amount falling due within one year	15	(168,532)	(300,909)
<b>Net Current Assets</b>		<b>1,275,739</b>	<b>-</b>
Creditors: amount falling due after more than one year	15	(15,000)	-
<b>Net Assets</b>		<b>10,290,444</b>	<b>-</b>
Bonno Krull Endowment Fund	16	932,061	-
Restricted Funds	16	6,750,357	-
Unrestricted Fund	16	2,608,026	-
<b>Total Charity Funds</b>		<b>10,290,444</b>	<b>-</b>

The trustees acknowledge their responsibilities for complying with the requirements of the relevant Acts with respect to accounting records and preparation of financial statements

The financial statements were approved and authorised for issue by the trustees and signed on their behalf by:

*W. M. Robson*

WM Robson

Date: 26/06/2024

# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Statement of cash flows

For the year ended 31 December 2021

	31 December 2021 £	31 December 2020 £
<b>Cash flows from operating activities</b>		
Surplus for the year	10,290,444	-
Less: transfer of assets to the Charity from predecessor charities (note 19)	(9,759,408)	-
	531,036	-
Gains on investments	(565,079)	-
Change in debtors	(16,094)	-
Change in creditors	(137,444)	291,598
Investment income	(171,400)	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(358,981)</b>	<b>291,598</b>
<b>Cash flows from investing activities</b>		
Cash and cash equivalents transferred from predecessor charities (note 19)	652,728	-
Additions to investments	(1,954,682)	-
Interest and dividends	171,400	-
Proceeds on disposals of investments	2,230,317	-
<b>Net cash generated from investing activities</b>	<b>1,099,763</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>	<b>740,782</b>	<b>291,598</b>
Cash and cash equivalents at beginning of year	300,909	9,311
<b>Cash and cash equivalents at end of year</b>	<b>1,041,691</b>	<b>300,909</b>
 <b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	489,702	300,909
Cash held as part of the investment portfolio	551,989	-
<b>Cash and cash equivalents at end of year</b>	<b>1,041,691</b>	<b>300,909</b>

### Non-cash transactions

The significant non-cash transaction was the transfer of engagements from the predecessor charities. The balances transferred are detailed in note 19 and had a fair value of £9,759,408 of which £652,728 was cash and cash equivalents.

# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Notes to the financial statements

For the year ended 31 December 2021

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### 1 Status

Baltic Exchange Charitable Foundation ("the Charity") is a charitable Trust governed by its constitution dated 18 June 2018. The charity number is 1178830. Its principal address is PO Box 6311, Newbury, RG14 9RF.

### 2 Accounting policies

The principal accounting policies are summarised below.

#### **Basis of preparation**

The accounts have been prepared in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") including Section 1A, and with the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with FRS 102 (effective 1 January 2019). The financial statements are also prepared in accordance with the Charities Act 2011.

The charity is a public benefit entity as defined by FRS 102.

#### **Judgements and estimates**

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make judgements and estimates in applying the company's accounting policies that may have a significant impact on the amounts recognised in the financial statements.

The only material judgement relates to the recognition of constructive obligations to the recipients of grants, as detailed the policy below and the creditors note. There are no material estimates affecting the carrying values of the assets as at the year end.

#### **Fund accounting**

##### Unrestricted Funds

These are funds which can be used in accordance with the charitable objects of the charity at the discretion of the Trustees.

##### Restricted Funds

These are funds are to be used for specific purposes as specified by the donor.

##### Endowment Funds

These are funds which can be used in accordance with the donor imposed restrictions.

#### **Going concern**

The trustees are confident that the Charity is a going concern. The investments held are expected yield positive returns and cash generated from investments together with cash on hand is forecast to be adequate to support grant commitments and administrative costs for at least 12 months from the date of this annual report.

#### **Income**

All incoming resources are included in the Statement of Financial Activities when the Charity is legally entitled to the income, when its receipt is probable and when it can be measured with reasonable certainty.



# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Notes to the financial statements (continued)

For the year ended 31 December 2021

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### 2 Accounting policies (continued)

#### **Expenditure**

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources.

Grants are accrued when a constructive obligation is created in the mind of the grant recipients. The trustees judge this to arise when the Charity has communicated its intention to pay a grant to the recipient and the amount of the obligation is the grant that will be paid up to the next grant review date.

#### **Investments**

Investments are a form of basic financial instruments and are initially recognised at their transaction cost and subsequently remeasured at fair value at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses on revaluations and disposals throughout the year.

#### **Recognition of Liabilities**

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument.

Investments in listed shares and bonds are classified as basic financial instruments and accounted for as set out above.

Loans to beneficiaries are classified as public benefit concessionary loans are recognised initially at the transaction value and subsequent at impaired cost.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short-term deposits with an original maturity of three months or less. Cash and cash equivalents includes cash held by investment managers.

### 3 Employee information

The Charity had no employees (2020 – none).

### 4 Trustees

No trustee was remunerated in the period (2020 – none). No expenses were incurred by trustees and reimbursed to trustees in the period (2020 – none).

### 5 Taxation

The Charity is exempt from tax on income and gains falling within sections 524 to 536 of the Income Taxes Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the period.

**BALTIC EXCHANGE CHARITABLE FOUNDATION**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2021**

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**6 Donations and legacies**

	2021 £	2020 £
Donations	190	-
<b>Total</b>	<b>190</b>	<b>-</b>

**7 Investment income**

	2021 £	2020 £
Interest and dividends	180,185	-
<b>Total</b>	<b>180,185</b>	<b>-</b>

**8 Grants to individuals**

	2021 £	2020 £
Quarterly grants	7,895	-
Special grants	7,710	-
<b>Total</b>	<b>15,605</b>	<b>-</b>
Grant awarded, but unpaid at start of the year	-	-
Grant obligation transferred from predecessor charities	56,683	-
Grant obligation settled during the year	(72,288)	-
Grant awarded, but unpaid at end of the year (all due within one year)	-	-

All grants are made to individuals who are in need.

The quarterly grants are recurring grants which are subject to an annual review and which provide additional income to the beneficiaries to enable them to have an acceptable standard of living. Special grants are generally one off grants to meet an immediate need.

**BALTIC EXCHANGE CHARITABLE FOUNDATION**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2021**

**9 Grants to institutions**

	2021 £	2020 £
Donations to Institutions	61,981	-
<b>Total</b>	<b>61,981</b>	<b>-</b>
Grant awarded, but unpaid at start of the year	-	-
Grant obligation transferred from predecessor charities	101,600	-
Grant obligation settled during the year	(99,421)	-
Grant awarded, but unpaid at end of the year	<b>64,160</b>	<b>-</b>
Due with one year	49,160	-
Due after more than one year	15,000	-
	<b>64,160</b>	<b>-</b>

Details of the significant grants to institutions are given in the accompanying annual report.

**10 Support costs**

	2021 £	2020 £
Consultancy fee	22,550	-
Administrative expenses	6,241	-
Rent	2,275	-
Bank charges	1,266	-
Loss on foreign exchange	395	-
<b>Total</b>	<b>32,727</b>	<b>-</b>

**11 Governance costs**

	2021 £	2020 £
Auditor's remuneration:		
- statutory audit	27,300	-
- accountancy fee	34,548	-
Legal fees	2,029	-
<b>Total</b>	<b>63,877</b>	<b>-</b>

**12 Gains on investments**

	2021 £	2020 £
Proceeds of sale	2,230,317	
Market value	(2,170,767)	-
Realised gains/(losses) on sales	59,550	-
Net unrealised gains/(losses)	505,529	-
<b>Net gains/(losses) on investments</b>	<b>565,079</b>	<b>-</b>

**BALTIC EXCHANGE CHARITABLE FOUNDATION**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2021**

**13 Listed investments at market value**

	2021 £	2020 £
<b>As at 1 January 2021</b>	-	-
Transferred from predecessor charities	8,740,837	-
Additions	1,954,106	-
Disposals	(2,230,317)	-
Unrealised gains/(losses)	505,529	-
Realised gains/(losses)	59,550	-
	<u>9,029,705</u>	<u>-</u>
<b>As at 31 December 2021</b>	<u><b>9,029,705</b></u>	<u><b>-</b></u>

**Analysis of investments by category of holding**

	2021 £	2020 £
Equities	6,016,671	-
Bonds	2,883,708	-
Cash equivalents	129,326	-
<b>Total</b>	<u><b>9,029,705</b></u>	<u><b>-</b></u>

**14 Debtors**

**Amounts falling due within one year:**

	2021 £	2020 £
Other debtors	72,700	-
Accrued dividends	14,241	-
<b>Total</b>	<u><b>86,941</b></u>	<u><b>-</b></u>

**Amounts falling due after more than one year:**

	2021 £	2020 £
Loans to beneficiaries	315,639	-
<b>Total</b>	<u><b>315,639</b></u>	<u><b>-</b></u>

Each loan to a beneficiary is secured on the beneficiary's property, is interest free and repayable at the option of the beneficiary or in the event of the beneficiary's death, a material change in the beneficiary's circumstances, the sale of the property, or the property no longer being the beneficiary's (or their spouse's) principal residence.

As at the year end, there were no extant loan offers (2020 - £nil) which had not been taken up.

**BALTIC EXCHANGE CHARITABLE FOUNDATION**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2021**

**15 Creditors**

Amounts falling due within one year

	2021 £	2020 £
Donations payable	49,160	-
Accruals	119,372	-
Other creditors	-	300,909
<b>Total</b>	<b>168,532</b>	<b>300,909</b>

Amounts falling due after more than one year

	2021 £	2020 £
Donations payable	15,000	-
<b>Total</b>	<b>15,000</b>	<b>-</b>

**16 Summary of funds**

	Unrestricted Funds £	BECS Restricted Fund £	LSSBS Restricted Fund £	Bono Krull Endowment Fund £	Total Funds £
<b>As at 1st January 2021</b>	-	-	-	-	-
Income	79,477	89,430	11,468	-	180,375
Expenditure	(105,187)	(86,463)	(18,536)	(4,232)	(214,418)
Gains/(losses) on investments	228,367	258,753	7,125	70,834	565,079
Funds transferred in	2,405,369	5,545,004	943,576	865,459	9,759,408
<b>Balance at 31 December 2021</b>	<b>2,608,026</b>	<b>5,806,724</b>	<b>943,633</b>	<b>932,061</b>	<b>10,290,444</b>

**Bonno Krull Endowment Fund**

This is a permanent endowment fund which was created by the will of Bonno Julius Leopold Krull. The income from the fund is to be used to maintain the grave of Mr Krull and his wife, with any surplus to be used for charitable purposes connected to shipbroking and shipping.

**BECS Restricted Fund**

The restricted fund comprise the reserves of the former Baltic Exchange Charitable Society, which are to be used to support the former members of the Society and their dependents.

**LSSBS Restricted Fund**

The restricted fund comprise the reserves of the former London Shipowners' and Shipbrokers' Benevolent Society, which are to be used to support those who have been engaged in the business of ship owning or ship broking, and their dependents.

# BALTIC EXCHANGE CHARITABLE FOUNDATION

## Notes to the financial statements (continued)

### For the year ended 31 December 2021

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#### 17 Related party transactions

Two of the trustees held key management positions in the Baltic Exchange Limited. In the year, £2,250 (2020: £nil) was paid to the Baltic Exchange Limited for services rendered, principally the provision of an office. There were no amounts due to the Baltic Exchange as at the year-end (2020 - £nil).

Assets and liabilities valued at £9,759,408 were transferred from the predecessor charities, connected through common trustees or management. Details of assets and liabilities transferred are shown in note 19.

At the start of the year, the charity owed £300,909 to one of the predecessor charities; on the transfer of assets, this balance was eliminated.

#### 18 Analysis of net assets between funds

	Unrestricted Funds £	BECS Restricted Fund £	LSSBS Restricted Fund £	Bonno Krull Endowment Fund £	Total Funds £
Investments	2,374,079	4,861,977	865,090	928,559	9,029,705
Debtors due after more than one year	-	315,639	-	-	315,639
Debtors due within one year	5,456	79,520	1,965	-	86,941
Cash at bank and in hand	489,611	406,682	142,783	2,615	1,041,691
Creditors due within one year	(168,532)	-	-	-	(168,532)
Creditors after more than one year	(15,000)	-	-	-	(15,000)
Inter-fund balances	(77,588)	142,906	(66,205)	887	-
<b>Total</b>	<b>2,608,026</b>	<b>5,806,724</b>	<b>943,633</b>	<b>932,061</b>	<b>10,290,444</b>

**BALTIC EXCHANGE CHARITABLE FOUNDATION**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2021**

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**19 Funds transferred from predecessor charities**

On 31 March 2021, the following charitable trusts transferred all of their funds into the Charity:

- The Baltic Exchange Charitable Society ("BECS")
- The London Shipowners' and Shipbrokers' Benevolent Society ("LSSBS")
- The Baltic Charitable Fund
- The Bonno Krull Foundation

The following analysis shows the assets and liabilities transferred in by funds on 31 March 2021

	Baltic Charitable Fund £	BECS Restricted Fund £	LSSBS Restricted Fund	Bonno Krull Endowment and Income Funds £	Total Funds £
Investments	2,138,225	4,883,455	854,986	863,595	8,740,261
Debtors due after more than one year	-	300,379	-	-	300,379
Debtors due within one year	15,433	371,124	576	2,189	389,322
Cash at bank and in hand	170,274	120,475	153,517	208,462	652,728
Creditors due within one year	(33,900)	(130,429)	(65,503)	(17,950)	(247,782)
Creditors due after more than one year	(75,500)	-	-	-	(75,500)
<b>Total</b>	<b>2,214,532</b>	<b>5,545,004</b>	<b>943,576</b>	<b>1,056,296</b>	<b>9,759,408</b>
Unrestricted funds	2,214,532	-	-	190,837	2,405,369
Restricted funds	-	5,545,004	943,576	-	6,488,580
Endowment funds	-	-	-	865,459	865,459
<b>Total</b>	<b>2,214,532</b>	<b>5,545,004</b>	<b>943,576</b>	<b>1,056,296</b>	<b>9,759,408</b>