Baltic Operations Ltd

Registered No. 09187499
Financial statements
for the year ended 30 September 2018
(All figures are in USD except if otherwise indicated)

Financial Statements of

Baltic Operations Ltd

Prepared in accordance with International Financial Reporting Standards as adopted by the EU for the year ended 30 September 2018

MACFARLANES LLP
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I. Corporate information

Directors of the Company
Timothy Gillis
Andrew Biggs (resigned on 30 November 2018)

Secretary
Mark Berlind

Bankers
The Royal Bank of Scotland
280 Bishopsgate
London, UK, EC2M 4RB

Solicitors
Macfarlanes LLP
20 Cursitor Street
London, UK, EC4A 1LT

Registered Office
15 Canada Square
London, UK, E14 5GL

II. Directors' report

Registered No. 09187499

The directors present their report for the year ended 30 September 2018.

Principal activity

KPMG Capital Ltd is the parent company and KPMG Capital Holding Ltd is the ultimate controlling party of Baltic Operations Ltd ('the Company').

The Company was dormant during the year.

Results

The Company has not made any profit or loss for the year ended 30 September 2018.

Directors of the Company

The current directors are shown on page 2.

Non-going Concern

After making appropriate enquiries and reviewing the current financial position that no further cash flows are expected from any of the Company's investments, the directors considered that the Company has no adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a non-going concern basis.

By order of the board

Mark Berlind

Mark Berlind
Secretary

Date: 7/16/19

III. Directors' responsibility statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company 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 accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Timothy Gillis
Director

Date: 7/10/19

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IV. Statement of financial position

In USD	Notes	30 September 2018	30 September 2017
Assets			
Non-current assets		-	-
Current assets		-	-
Total assets		-	-
Equity			
Share capital	10	**5,680,872**	10,051
Share premium	10	**10,039,951**	10,039,950
Retained earnings		**(15,758,622)**	(15,758,622)
Other capital reserves	10	**37,799**	-
Equity attributable to owners		-	(5,708,621)
Total equity		-	(5,708,621)
Liabilities			
Amounts due to related parties		-	1,550,641
Amounts due to owners		-	4,157,980
Current liabilities		-	5,708,621
Total liabilities		-	5,708,621
Total equity and liabilities		-	-

For the financial year ended 30 September 2018 the Company was entitled to exemption from audit under section 477 Companies Act 2006. No member of the Company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006. The directors acknowledge their responsibilities for ensuring that the Company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the Company.

The notes on pages 9 to 19 form part of the financial statements.

Approved by the Board of directors on 7/10/19 and signed on their behalf by:

Timothy Gillis
Director

Date: 7/10/19

V. Statement of comprehensive income

For the year ended 30 September 2018.

In USD	**Notes**	**2018**	**2017**
Administrative expenses	11	-	(31,655)
Operating loss		-	(31,655)
Finance expenses	12	-	(31)
Net finance costs		-	(31)
Loss before tax		-	(31,686)
Tax expense	13	-	-
Loss after tax		-	(31,686)
Loss attributable to owners		-	(31,686)
Total comprehensive income for the year		-	(31,686)
Total comprehensive income attributable to owners		-	(31,686)

The notes on pages 9 to 19 form part of the financial statements.

VI. Statement of cash flows

In USD	Notes	2018	2017
Loss after tax		-	(31,686)
Changes in trade payables		-	(2,189)
Changes in accruals		-	(30,170)
Cash generated from (used in) operating activities		-	(64,045)
Net cash flows from (used in) operating activities		-	(64,045)
Net cash flows from (used in) investing activities		-	-
Amounts due to related parties		-	58,160
Net cash flows from (used in) financing activities		-	58,160
Net increase (decrease) in cash and cash equivalents		-	(5,885)
Cash and cash equivalents at the beginning of the year		-	5,885
Cash and cash equivalents at 30 September		-	-

The notes on pages 9 to 19 form part of the financial statements.

VII. Statement of changes in equity

For the year ended 30 September 2018.

In USD	Notes	Share capital	Share premium	Retained earnings	Other capital reserves	Total equity
Balance at 1 October 2017		**10,051**	**10,039,950**	**(15,758,622)**	**-**	**(5,708,621)**
Loss		-	-	-	-	-
Total comprehensive income		-	-	-	-	-
Issue of shares	10	5,670,821	1	-	-	5,670,822
Other transactions with owners	10	-	-	-	37,799	37,799
Transaction with owners		5,670,821	1	-	37,799	5,708,621
Balance at 30 September 2018		**5,680,872**	**10,039,951**	**(15,758,622)**	**37,799**	**-**

In USD	Notes	Share capital	Share premium	Retained earnings	Other capital reserves	Total equity
Balance at 1 October 2016		10,051	10,039,950	(15,726,936)	-	(5,676,935)
Loss		-	-	(31,686)	-	(31,686)
Total comprehensive income		-	-	(31,686)	-	(31,686)
Issue of shares		-	-	-	-	-
Transaction with owners		-	-	-	-	-
Balance at 30 September 2017		10,051	10,039,950	(15,758,622)	-	(5,708,621)

The notes on pages 9 to 19 form part of the financial statements.

VIII. Notes to the financial statements

1. Reporting entity

Baltic Operations Ltd was incorporated under the laws of England and Wales as an English private limited company on 22 August 2014. The Company's registered office is at 15 Canada Square, London, UK, E14 5GL.

KPMG Capital Ltd is the parent company and KPMG Capital Holding Ltd is the ultimate controlling party of Baltic Operations Ltd.

2. Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared on the historical cost basis of accounting, except for measurement at fair value where applicable. The accounts have been prepared on a non-going concern basis as noted in the directors' report. Adopting the non-going concern basis of accounting does not have an impact on the measurement of the Company's assets and liabilities compared to the going concern basis of accounting.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Details of the Company's accounting policies are included in Note 5.

3. Functional and presentation currency

The share capital is determined and provided in USD. The Company's investments and the majority of its expenses are in USD. Management has determined USD to be the currency of the Company's primary economic environments.

Thus the Company has USD as its functional currency and the financial statements have also been prepared in USD. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

4. Use of estimates and judgements

The preparation of the financial statements in conformity with the following accounting policies requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of amount, events or actions, actual results ultimately may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The following is a key management estimate in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Impairment

Impairment calculations are based on management's expectation on future cash flows of the Company's investments. Note 9 contains further details.

5. Accounting policies

a. *Foreign currency*

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions (spot rates). Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. All differences are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency using the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated to the functional currency using the exchange rate at the date of transaction. Gains and losses arising on re-measurement are included in the profit or loss.

b. Financial Instruments

Non-derivative financial instruments

Financial assets and financial liabilities are recognised initially on the date that they are originated. All other financial instruments are recognised initially at the trade date, i.e. when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the Company's contractual rights to the cash flows from the asset expire, or when substantially all risks and rewards of ownership of the financial asset are transferred.

Financial liabilities are derecognised when contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are recognised on a net basis in the statement of financial position when and only when the Company has a legal right to offset the amounts, and it intends either to settle them on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets are investments which have been detailed in Note 9.

Investments

Investments comprise investments in subsidiaries and investments in associates. Investments are held in the Company's accounts at cost less impairment.

Financial liabilities

Financial liabilities are measured initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

c. Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an adverse impact on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis.

In the case of equity instruments the accumulated loss is the difference between cost and current fair value, less the amount of any impairment previously recognised in profit or loss.

An impairment loss is reversed if the reversal is objectively related to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal of impairment is recognised in profit or loss.

Non-financial assets

The carrying amounts of non-financial assets are reviewed on every reporting date to assess whether any indication of impairment exists. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. All impairment losses are recognised in profit or loss.

In respect of assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The Company performs an impairment test as of the balance sheet date.

d. ***Finance income and expense***

Finance income comprises the following: exchange gains on foreign exchange items (realised and non-realised).

Finance expenses comprise the following: bank charges, exchange losses on foreign exchange items (realised and non-realised).

e. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, which are presented in equity or other comprehensive income, respectively.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

6. Early adopted standards

In preparing the financial statements, the Company could adopt the following early:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
- Transfers of Investment Property (Amendments to IAS 40)
- Annual Improvements to IFRSs 2014–2016 Cycle (Amendments to IFRS 1 and IAS 28)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

Early adoption of these standards does not have a significant impact on the financial statements, thus the Company has not adopted any new standards early.

For the following forthcoming standards, the Company continues the assessment of the potential impact on the financial statements:

- IFRS 15 Revenue from Contracts with Customers, no significant impacts are expected on the financial statements,
- IFRS 9 Financial Instruments, no significant impacts are expected on the financial statements.

7. Financial risk management

On the balance sheet date, the Company's exposure to credit, liquidity and currency risks arising from financial instruments is not considered significant.

8. Fair value measurement

Accounting policies and disclosures of the Company require the determination of fair value, for both financial and non-financial assets and liabilities.

According to IFRS 13, 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.

9. Investments

Investments in subsidiaries

In USD	Investment in Baltic Operations LLC
Gross carrying amount	
Balance at 1 October 2016	50,000
Acquisition	-
Balance at 30 September 2017	50,000
Balance at 1 October 2017	50,000
Acquisition	-
Balance at 30 September 2018	**50,000**
Accumulated impairment	
Balance at 1 October 2016	50,000
Impairment	-
Balance at 30 September 2017	50,000
Balance at 1 October 2017	50,000
Impairment	-
Balance at 30 September 2018	**50,000**
Carrying amounts	
At 1 October 2016	-
At 30 September 2017	-
At 30 September 2018	-

Investments in associates

in USD	Investment in Bottlenose, Inc.
Gross carrying amount	
Balance at 1 October 2016	14,062,980
Acquisition	-
Derecognition	(14,062,980)
Balance at 30 September 2017	-
Balance at 1 October 2017	-
Acquisition	-
Derecognition	-
Balance at 30 September 2018	-
Accumulated impairment	
Balance at 1 October 2016	14,062,980
Impairment	-
Derecognition	(14,062,980)
Balance at 30 September 2017	-
Balance at 1 October 2017	-
Impairment	-
Derecognition	-
Balance at 30 September 2018	-
Carrying amounts	
At 1 October 2016	-
At 30 September 2017	-
At 30 September 2018	-

As no further cash flows are expected from the above investments, management decided to impair the Company's investment in full as at 30 September 2016.

Bottlenose, Inc. was dissolved on 14 June 2017, consequently, the investment has been derecognised.

During the financial year the Company did not receive any dividends.

10. Capital and reserves

Share capital in USD	Ordinary shares	
	Number	Par value
In issue at 1 October 2017	10,051	10,051
Issued	5,670,821	5,670,821
In issue at 30 September 2018	**5,680,872**	**5,680,872**
Authorised	5,680,872	5,680,872

Ordinary shares

Ordinary shares (par value USD 1) carry the right to dividends in proportion to the number of ordinary shares held, and carry the right to participate in a return of capital. Ordinary shares have voting rights.

Settlement of intercompany balances

As part of a group restructuring, the Company was party to a number of transactions, including the issuance of shares, settlement of intercompany balances and waiver of intercompany balances.

In particular, the following occurred:

- A balance of USD 37,800 owed to another Group company was waived, resulting in an increase in the Company's other capital reserve.
- A related party owed USD 1,512,842 by the Company transferred its receivable to the Company's parent, KPMG Capital Ltd. Consequently, the total amount the Company then owed to its parent was USD 5,670,822.
- KPMG Capital Ltd subscribed for 5,670,820 USD 1 ordinary shares in the Company at nominal value and one USD 1 ordinary share for a subscription price of 1.67, the difference between the par value and the subscription price constituting share premium.
- The Company settled all amounts owed to its parent.

Share premium

The ordinary shares in issue at 1 October 2017, except for the one share issued on 22 August 2014, were subscribed for at a price per share of USD 1,000 with nominal value USD 1. The amount in excess of nominal value gave rise to share premium of USD 10,039,950.

As noted above, KPMG Capital Ltd subscribed for one USD 1 ordinary share for a subscription price of USD 1.67 during the year ended 30 September 2018, with the amount in excess of nominal value constituting share premium, thus increasing share premium to USD 10,039,951.

Distributable retained earnings

Distributable retained earnings represent retained losses.

11. Administrative expenses

in USD	**2018**	**2017**
Marketing	-	(5,357)
Other expenses	-	(26,298)
Administrative expenses	-	(31,655)

12. Net finance costs

in USD	**2018**	**2017**
Bank charges	-	(31)
Finance expenses	-	(31)

13. Taxation

There is no income tax payable for the financial year.

in USD	**2018**	**2017**
Loss before tax	-	(31,686)
Domestic tax rate for Baltic Operations Ltd	19%	20%
Expected tax expense	-	(6,337)
Reduction in tax rate	-	573
Taxable Income	7,182	-
Group relief claimed	(6,494)	-
Adjustments for non-deductible expenses	-	2,517
Tax losses brought forward	(688)	-
Unused tax losses carried forward	-	3,247
Actual tax expense	-	-

In September 2016, a new corporation tax rate was substantively enacted, as of 1 April 2020 the main tax rate will be reduced from 19% to 17%.

14. Related parties

Parent company and ultimate controlling party

KPMG Capital Ltd is the Company's parent company and KPMG Capital Holding Ltd is the ultimate controlling party.

In USD	30 September 2018	30 September 2017
Amounts due to KPMG Capital Ltd	-	4,157,980

Transactions with key management personnel

Key management personnel are the persons who have, either directly or indirectly, authority and responsibility with respect to planning, directing and controlling the activities of the entity, including directors (either managing or otherwise).

In the current financial year, there were no key management personnel related transactions to be presented.

The Company's transactions with other related parties

In USD	30 September 2018	30 September 2017
Amounts due to KPMG Capital Operations Ltd	-	1,512,841
Amounts due to Capital Operations (US) LLC	-	37,800

15. Non-going concern

Management indicated that the Company has no adequate financial resources to continue in operational existence, therefore they suggest to apply for a voluntary strike-off. The directors are not aware of any circumstances which may prevent the Company to be struck off.

16. Subsequent events

Subsequent to 30 September 2018, the 100% subsidiary of the Company, Baltic Operations LLC was dissolved on 10 December 2018.