

Registration number 03269801

CoinShares (UK) Limited

Audited financial statements for the year ended 31 December 2019



CoinShares (UK) Limited

Audited financial statements

For the financial year ended 31 December 2019

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CoinShares (UK) Limited

Company Information

For the financial year ended 31 December 2019

The Company	CoinShares (UK) Limited
Registration number	03269801
Registered Office	Octagon Point 5 Cheapside St Paul's London EC2V 6AA
Directors	Daniel Masters Richard Nash (appointed 31 December 2019) Ryan Radloff (resigned 31 December 2019)
Company Secretary	Jeri-Lea Brown
Independent Auditors	MacIntyre Hudson LLP 6th Floor 2 New London Wall Place London EC2Y 5AU
Bankers	Barclays (From 9 April 2019) 13 Library Place St Helier Jersey JE4 8NE Coutts & Co (until 23 May 2019) 440 Strand London WC2R 0QS
Tax Advisers	Gerald Edelman 73 Cornhill London EC3V 3QQ

CoinShares (UK) Limited

Directors' Report

For the financial year ended 31 December 2019

The directors present their report and the financial statements of CoinShares (UK) Limited (the 'Company') for the year ended 31 December 2019.

Incorporation

The Company was incorporated on 28 October 1996 in England and Wales.

Principal activity

The principal activity of the Company is the provision of digital asset research and content consultancy.

Results and dividends

The loss for the year, after taxation, amounted to £153,243 (2018: loss £1,829,627) as disclosed on page 8.

The directors do not recommend the payment of a dividend (2018: £nil).

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law, the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' Section 1A Small Entities. 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 as at the end of that period, 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 for the Company's financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors confirm the statements comply with these requirements.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps he or she ought to have as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

CoinShares (UK) Limited

Directors' Report (continued)

For the financial year ended 31 December 2019

Directors and Company Secretary

The directors and company secretary who served during the year and up to the date of this report are listed on page 3.

Directors' interest in shares

The directors holding office at the end of the reporting period had no direct interests in the share capital of the Company at the beginning and at the end of the reporting period.

Going concern

The Company has net assets of £731,409 (2018: net liabilities of £815,347) at the end of the reporting period. The directors have prepared these financial statements on a going concern basis due to the ongoing financial support received from other Group entities, inclusive of its parent company, which will continue to be provided for the foreseeable future.

The Company earns revenues from other entities within the Group, as defined in note 17. During March 2020, markets around the world suffered a significant reduction in value, primarily due to the outbreak of COVID-19. The Directors have considered that although this may have an impact on revenues earned, this will not impact on the suitability of the going concern basis.

Comparative information

The Company elected to change its reporting date from 31 March to 31 December in 2018. This was to align its reporting date with the rest of the group. The comparatives to the financial statements have therefore been prepared for the 9 month period from 1 April 2018 to 31 December 2018 to reflect this. The prior period numbers are unaudited.

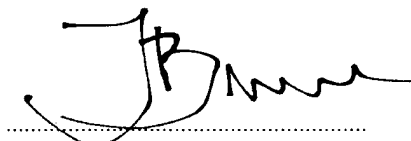
Events after the reporting date

During March 2020, markets around the world suffered a significant reduction in value, primarily due to the outbreak of COVID-19. This is considered to be a non-adjusting event. The Company is affected by changes in market prices of digital assets, with a reduction in price meaning that revenue may fall, but the Company has received assurance from its parent company that financial support will continue to be made available for the foreseeable future.

Independent Auditor

MacIntyre Hudson LLP were appointed as auditor on 11 February 2020. They have indicated their willingness to continue in office.

The report was approved by the board on 16 April 2020 and signed on its behalf by:


.....
Jeri-Lea Brown
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COINSHARES (UK) LIMITED

Opinion

We have audited the financial statements of Coinshares (UK) Limited (the "Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") including section 1A.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

This is the first year that the company has engaged an auditor, therefore the prior period comparatives have not been previously audited.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the financial statements, other than the audited financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COINSHARES (UK) LIMITED (CONTINUED)

Matters on which we are required to report by exception

In light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion whether:

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

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities on pages 4-5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report is made solely to the Members of the Company, 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's Members, for our audit work, for this report, or for the opinions we have formed.

Geeta Morgan (Senior Statutory Auditor)
For and on behalf of MacIntyre Hudson LLP, Statutory Auditor
6th Floor
2 London Wall Place
London
EC2Y 5AU

16 April 2020

MacIntyre Hudson LLP is a limited liability partnership registered in England and Wales (with registered number OC312313).

CoinShares (UK) Limited

Statement of Comprehensive Income

For the financial year ended 31 December 2019

		1 Jan 2019 to 31 Dec 2019	Restated Unaudited 1 Apr 2018 to 31 Dec 2018
	Note	£	£
Revenue	4	2,241,786	1,342,631
Other Income	5	66,000	-
Fees Payable		-	(655,175)
Gross profit		2,307,786	687,456
Administrative expenses	6	(2,461,033)	(2,517,421)
Operating loss		(153,247)	(1,829,965)
Interest receivable and similar income		4	338
Loss before taxation		(153,243)	(1,829,627)
Taxation on loss	8	-	-
Loss for the financial year/period		(153,243)	(1,829,627)
Other comprehensive income for the year/period		-	-
Total comprehensive income for the year/period		(153,243)	(1,829,627)

All items dealt with in arriving at loss for the financial periods relate to continuing operations

The above should be read in conjunction with the accompanying notes on pages 11 to 24 which form an integral part of these financial statements.

CoinShares (UK) Limited**Statement of Financial Position**

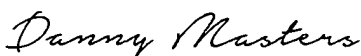
As at 31 December 2019

		2019	Restated Unaudited 2018
	Note	£	£
ASSETS			
Non-current assets			
Property, plant and equipment	9	38,189	61,622
Intangible assets	10	6,870	-
Investments	11	-	43
		45,059	61,665
Current assets			
Trade and other receivables	12	699,245	301,987
Cash and cash equivalents	13	116,089	452,029
		815,334	754,016
Total assets		860,393	815,681
LIABILITIES			
Current liabilities			
Trade and other payables	14	(128,984)	(1,631,029)
Total liabilities		(128,984)	(1,631,029)
NET ASSETS/(LIABILITIES)		731,409	(815,348)
EQUITY			
Share capital	16	3,117,525	1,417,525
Retained earnings		(2,386,116)	(2,232,873)
Total equity		731,409	(815,348)

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the Board of Directors of the Company and signed on its behalf by:



Daniel Masters

Director

Date: 16 April 2020

The above should be read in conjunction with the accompanying notes on pages 11 to 24 which form an integral part of these financial statements.

CoinShares (UK) Limited**Statement of Changes in Equity**

For the financial year ended 31 December 2019

	Note	Share capital £	Retained earnings £	Total equity £
Restated				
At 1 April 2018 (Unaudited)		5,000	(403,246)	(398,246)
Loss for the period		-	(1,829,627)	(1,829,627)
Shares issued during the period	16	1,412,525	-	1,412,525
At 31 December 2018 (Unaudited)		1,417,525	(2,232,873)	(815,348)
At 1 January 2019		1,417,525	(2,232,873)	(815,348)
Loss for the year		-	(153,243)	(153,243)
Shares issued during the year	16	1,700,000	-	1,700,000
At 31 December 2019		3,117,525	(2,386,116)	731,409

The above should be read in conjunction with the accompanying notes on pages 11 to 24 which form an integral part of these financial statements.

CoinShares (UK) Limited

Notes to the Financial Statements

For the financial year ended 31 December 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General information

CoinShares (UK) Limited (the 'Company') operates in the United Kingdom. The principal activity of the Company is the provision of digital asset research and content consultancy. The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is Octagon Point, 5 Cheapside, St Paul's, London, EC2V 6AA and its company registration number is 03269801.

2 Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', Section 1A Small Entities ('FRS 102 1A') and the Companies Act 2006. There were no material departures from FRS 102 1A.

3 Significant accounting policies

3.1 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with FRS 102 1A and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3.5).

The following principal accounting policies have been applied:

3.2 Going concern basis

The Company has net assets of £731,409 (2018: net liabilities of £815,348) at the end of the reporting period. The directors have prepared these financial statements on a going concern basis due to the ongoing financial support received from other Group entities, inclusive of its parent company, which will continue to be provided for the foreseeable future.

The Company earns revenues from other entities within the Group, as defined in note 17. During March 2020, markets around the world suffered a significant reduction in value, primarily due to the outbreak of COVID-19. The Directors have considered that although this may have an impact on revenues earned, this will not impact on the suitability of the going concern basis.

3.3 Changes in accounting policies

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year.

3.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentation currency is the pound sterling. All values are rounded to the nearest pound, except when otherwise indicated.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

3 Significant accounting policies (continued)

3.4 Foreign currency translation (continued)

Transactions and balances (continued)

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

3.5 Judgements and sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions in applying the Company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The following are considered to be sources of judgement and estimate:-

(i) Useful economic life of tangible fixed assets: the annual depreciation charges of tangible fixed assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates.

(ii) Useful economic life of intangible assets: the annual amortisation charges of intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates.

(iii) Recognition of revenue: revenue is accrued daily on tracker certificates in order to match the provision of services. This is in line with recognition of the associated services provided by the Company.

(iv) Allocation of Group expenditure: the rates applied to the Company in determining the allocation of these recharges vary between categories of expenditure and those applied during the year are based on the directors' estimate of where time or resource was considered to be spent. The Company and Group entities have common directorships, and the recharge rates were determined by the directors based upon their judgement of the resource usage for the year.

3.6 Revenue recognition

Revenue is recognised by the Company in respect of the goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The Company recognises revenue when (a) the amount of revenue can be measured reliably; (b) it is probable that the Company will receive the consideration due under the contract; (c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

3 Significant accounting policies (continued)

3.6 Revenue recognition (continued)

Sale of services

The Company earns income from the provision of digital asset research and content consultancy services. Revenue is recognised in the accounting period in which the services are performed and completed, based on the terms of the contract.

Other income

The Company earns income from subleasing office space, which is on a rolling one-month basis. Revenue recognised in the period when the lessor has received the economic benefits for usage of the office space.

3.7 Taxation

Current tax is recognised as the amount expected to be paid to or recovered from the tax authorities, using tax rates enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Current tax is recognised as income or expense in the Statement of Comprehensive Income, except to the extent that the tax arises from a transaction which is recognised directly in equity.

The charge for taxation is based on the tax adjusted profit/(loss). The standard rate is 19% (2018: 19%).

3.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

3.9 Property, plant and equipment

Property, plant and equipment under the cost model is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged on the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	33% Straight line
Computer equipment	33% Straight line

The assets' residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income in the period of disposal.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

3 Significant accounting policies (continued)

3.10 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Amortisation is provided on the following basis:

Trademarks	10% Straight line
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The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.11 Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of value in use and fair value less costs of disposal. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the income statement.

3.12 Basic financial instruments

Basic financial assets

Short term basic financial assets are measured at the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Basic financial liabilities

Short term basic financial liabilities are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

3 Significant accounting policies (continued)

3.13 Operating leases: the company as lessee

Management exercises judgements in determining the classification of leases as finance or operating leases at inception of the lease. Management considers the likelihood of exercising break clauses or extension options in determining the lease term. Where the lease term constitutes substantially all of the economic life of the asset, or where the present value of minimum lease payments amount to substantially all of the fair value of the property, the lease is classified as a finance lease. All other leases are classified as operating leases.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Operating lease payments (net of any incentives received by the lessor) are recognised in the Statement of Comprehensive Income as an expense on a straight-line basis over the period of the lease. Associated costs such as maintenance and insurance are expensed as incurred.

3.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.15 Investments

Investments comprise amounts held at historic cost less impairment. Investments are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised immediately in the income statement.

3.16 Comparative information

The Company elected to change its reporting date from 31 March to 31 December in 2018. This was to align its reporting date with the rest of the group. The comparatives to the financial statements have therefore been prepared for the 9 month period from 1 April 2018 to 31 December 2018 to reflect this. The prior period numbers are unaudited.

As part of their review on opening balances, the auditors identified that amounts included in the prior year should be restated due to the calculation of the deferred rent, and showing the net presentation of amounts due from/to group undertakings.

The following shows the impact of the restatement on the Statement of Comprehensive Income and Statement of Financial Position.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

3 Significant accounting policies (continued)

3.17 Comparative information (continued)

	2018 As originally signed £	Adjustment £	2018 Restated Unaudited £
Statement of Comprehensive Income			
Gross profit	687,456	-	687,456
Administrative expenses	(2,518,826)	1,405	(2,517,421)
Operating loss	(1,831,370)	1,405	(1,829,965)
Interest receivable and similar income	338	-	338
Loss before taxation	(1,831,032)	1,405	(1,829,627)
Taxation on loss	-	-	-
Loss for the financial year/period	(1,831,032)	1,405	(1,829,627)
Other comprehensive income for the year/period	-	-	-
Total comprehensive income for the year/period	(1,831,032)	1,405	(1,829,627)
	2018 As originally signed £	Adjustment £	2018 Restated Unaudited £
Statement of Financial Position			
ASSETS			
Property, plant and equipment	62,839	(1,217)	61,622
Other non-current assets	43	-	43
Total non-current assets	62,882	(1,217)	61,665
Current assets			
Trade and other receivables	688,894	(386,907)	301,987
Other current assets	452,029	-	452,029
Total current assets	1,140,923	(386,907)	754,016
Total assets	1,203,805	(388,124)	815,681
LIABILITIES			
Current liabilities			
Trade and other payables	(2,020,558)	389,529	(1,631,029)
Total liabilities	(2,020,558)	389,529	(1,631,029)
NET ASSETS/(LIABILITIES)	(816,753)	1,405	(815,348)
EQUITY			
Retained earnings	(2,234,278)	1,405	(2,232,873)
Other items of equity	1,417,525	-	1,417,525
Total equity	(816,753)	1,405	(815,348)

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

4 Revenue

	1 Jan 2019 to 31 Dec 2019 £	Unaudited 1 Apr 2018 to 31 Dec 2018 £
Research and content consultancy	2,241,786	1,342,631
	2,241,786	1,342,631

The Company generates income from research and content consultancy services provided to its parent company CoinShares (Holdings) Limited ('CSHL') at 20% (2018: 20%) of net management fees to June 2019 and from July 2019, fellow subsidiary GABI Trading Limited ('GTL') at 20% (2018: £nil) of net management fees.

Fees receivable from CSHL for the year are £812,110 (2018: £1,342,631) and from GTL £1,429,676 (2018: £nil).

5 Other Income

	1 Jan 2019 to 31 Dec 2019 £	Unaudited 1 Apr 2018 to 31 Dec 2018 £
Rental income	66,000	-
	66,000	-

The Company earned rental income from subleasing part of the office space to Globacap Limited. The agreement expired on 31 December 2019 and was not renewed. Globacap Limited is considered to be a related party. Please see note 17 for further disclosure.

6 Administration expenses by nature

Included within administration expenses of £2,461,033 (see page 25) are the following amounts:

	1 Jan 2019 to 31 Dec 2019 £	Unaudited 1 Apr 2018 to 31 Dec 2018 £
Fees payable for the audit of the Company's annual accounts	10,000	-
Depreciation of tangible assets	26,767	16,954
Amortisation on intangible assets	422	-
Salaries (i)	1,268,378	958,257
Operating lease expenses (ii)	544,370	497,500
Office expenses (iii)	(13,524)	26,303
Realised loss on foreign exchange	1,500	20,359
Unrealised loss/(gain) on foreign exchange	6,567	(43,754)
	1,844,480	1,475,619

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

6 Administration expenses by nature (continued)

(i) The Company is part of a Group which shares certain central resources (including staffing and premises). In the year the Group introduced a cost sharing arrangement, whereby from January 2019 central costs incurred by Group entities are recharged. The amount recharged was subject to annual agreement between the Company and Group entities.

For the year ended 31 December 2019 a total of £396,739 (2018: £nil) has been recharged to the Group by the Company.

(ii) Further detail included in note 15.

(iii) Includes £19,167 (2018: £nil) of expenditure recharged to GAHL by the Company.

7 Staff and directors

Staff costs during the year/period were as follows:

	1 Jan 2019 to 31 Dec 2019 £	Unaudited 1 Apr 2018 to 31 Dec 2018 £
Wages and salaries	917,422	693,358
National insurance costs	128,430	83,895
Other pension costs	9,190	4,565
	1,055,042	781,818

The average number of employees of the Company during the year/period was:

	1 Jan 2019 to 31 Dec 2019 £	Unaudited 1 Apr 2018 to 31 Dec 2018 £
Directors	2	2
Staff	13	9
	15	11

Remuneration in respect of directors was as follows:

	1 Jan 2019 to 31 Dec 2019 £	Unaudited 1 Apr 2018 to 31 Dec 2018 £
Wages and salaries	213,336	176,439
	213,336	176,439

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

8 Taxation

Factors affecting tax charge for the year/period

The tax assessed for the year/period is the same as the standard rate of corporation tax in the UK of 19% (2018: 19%).

	1 Jan 2019 to 31 Dec 2019 £	Unaudited 1 Apr 2018 to 31 Dec 2018 £
Loss on ordinary activities before tax	153,243	1,829,627
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	-	-
Effects of:		
Adjustments	-	-
Total tax charge for the year/period	-	-

9 Property, plant and equipment

	Computer Equipment £	Furniture & Fittings £	Total £
Cost			
At 1 January 2019	33,507	45,569	79,076
Additions	3,656	5	3,661
Disposals	(406)	-	(406)
At 31 December 2019	36,757	45,574	82,331
Accumulated depreciation			
Beginning of financial year	8,273	9,181	17,454
Charge for the year	11,578	15,189	26,767
Disposals	(79)	-	(79)
At 31 December 2019	19,772	24,370	44,142
Net book value			
At 31 December 2019	16,985	21,204	38,189
At 31 December 2018 (Unaudited)	25,234	36,388	61,622

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

10 Intangible assets

	Trademarks £	Total £
Cost		
At 1 January 2019	-	-
Additions	7,292	7,292
At 31 December 2019	7,292	7,292
Accumulated amortisation		
Beginning of financial year	-	-
Charge for the year	422	422
At 31 December 2019	422	422
Net book value		
At 31 December 2019	6,870	6,870
At 31 December 2018 (Unaudited)	-	-

11 Investments

	Unquoted investments £
Cost	
At 1 January 2019	43
Impairment of investments	(43)
At 31 December 2019	-

12 Trade and other receivables

	2019 £	Unaudited 2018 £
Deposit	103,760	112,200
Prepayments	207,540	-
Amounts owed by group undertakings	235,953	-
VAT Receivable	108,947	156,600
Deferred rent	29,167	33,187
Accounts receivable	13,878	-
	699,245	301,987

Amounts owed by group undertakings is the balance receivable from the parent company CSHL (see note 17). The balance is unsecured, interest free and repayable on demand.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12 Trade and other receivables (continued)

The deferred rent has arisen through the apportionment of rent payable by the Company over the period of the lease.

13 Cash and cash equivalents

	2019 £	Unaudited 2018 £
Cash at bank	116,089	452,029
	116,089	452,029

All cash at the year end was held with the current bankers Barclays. Previously all cash was held with Coutts & Co until the closure of the accounts on 23 May 2019.

14 Trade and other payables

	2019 £	Unaudited 2018 £
Trade payables	83,062	101,347
Accruals	45,922	-
Amounts owed to group undertakings	-	1,529,682
	128,984	1,631,029

Amounts owed to group undertakings is made up of £nil (2018: £189,461) owed to Pursuit Capital Limited ('PCL') and £nil (2018: £1,340,220) owed to CSHL. These balances are unsecured, interest free and payable on demand.

15 Commitments

Operating leasing commitments - where the Company is a lessee

As at 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	Unaudited 2018 £
Not later than one year	155,640	544,370
Later than one year and not later than two years	-	155,640
Later than two years and not later than five years	-	-
	155,640	700,010

Future minimum payments on the current leases total £155,640 (2018: £700,010).

CoinShares (UK) Limited**Notes to the Financial Statements (continued)**

For the financial year ended 31 December 2019

16 Share capital**Shares classified as equity**

	Allotted, called-up and fully paid			
	2019 Number	2019 £	Unaudited 2018 Number	Unaudited 2018 £
Ordinary shares of £1 each	3,117,525	3,117,525	1,417,525	1,417,525
	3,117,525	3,117,525	1,417,525	1,417,525

The Company is authorised to issue 1 ordinary share, it confers on the holder the right to receive dividends at the Company's discretion. At the Company's discretion there is a return of assets, ordinary shares confer on the holders thereof the rights in respect of the assets of the Company available for distribution among the Shareholders. Ordinary shares issued and allotted are accounted for as equity.

On 16 July 2018, the Company issued 1,412,525 shares to CSHL at £1 par value as part of a capitalisation agreement. On 11 March 2019 the Company entered into a capitalisation agreement with its parent company CSHL to convert £1,700,000 of outstanding loans into £1 ordinary shares.

	2019 Number	2019 £	Unaudited 2018 Number	Unaudited 2018 £
Opening balance	1,417,525	1,417,525	5,000	5,000
Shares issued	1,700,000	1,700,000	1,412,525	1,412,525
Closing balance	3,117,525	3,117,525	1,417,525	1,417,525

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

17 Related party transactions

The Group consists of the Company and the following investments held by the immediate parent company, CSHL:

Name	Defined as	Investee Relationship	CSHL's Ownership %	Jurisdiction	Date of Acquisition/ Incorporation
CoinShares (UK) Limited	CSUK	Subsidiary	100%	UK	19/04/2017
CoinShares General Partner Limited	CS GP	Subsidiary	100%	Jersey	14/06/2017
XBT Provider AB (publ)	XBTP	Subsidiary	100%	Sweden	25/09/2017
CoinShares GP II Limited	CS GP II	Subsidiary	100%	Jersey	09/02/2018
CoinShares GP III Limited	CS GP III	Subsidiary	100%	Jersey	09/02/2018
CoinShares Corporate Services (Jersey) Limited	CSCSJL	Subsidiary	100%	Jersey	25/06/2018
CoinShares Co	CSCo	Subsidiary	100%	US	01/07/2018
CoinShares Capital, LLC	CS Cap	Subsidiary	100%	US	18/09/2019
CoinShares Employment Services (Jersey) Limited	CSESJL	Subsidiary	100%	Jersey	09/08/2018
CoinShares (Jersey) Limited	CSJL	Subsidiary	100%	Jersey	26/09/2018
GABI Capital Limited	GCL	Subsidiary	100%	Jersey	30/06/2019
Gold Token SA	GTSA	Joint Venture	50%	Switzerland	08/08/2018
GABI Trading Limited	GTL	Subsidiary	100%	Jersey	30/06/2019
GABI Systems Limited	GSL	Subsidiary	100%	UK	30/06/2019

The Group also includes GAHL, the ultimate parent company, and its interests as listed below:

Name	Defined as	Investee Relationship	GAHL's Ownership %	Jurisdiction	Date of Acquisition/ Incorporation
Gradbase Limited	N/A	Associate	18%	UK	27/04/2016
CoinShares (Holdings) Limited	CSHL	Subsidiary	90%	Jersey	25/04/2017
XBT Partner AB	N/A	Subsidiary	100%	Sweden	25/04/2017
Glint Limited	N/A	Associate	40%	Jersey	30/09/2017
Challenger Deep	N/A	Investment	~12%	France	12/03/2018
GABI Ventures Limited	GVL	Subsidiary	100%	Jersey	01/05/2018
Global Advisors Employment Services Limited	GAES	Subsidiary	100%	Jersey	18/07/2018
Global Advisors Corporate Services Limited	GACSL	Subsidiary	100%	Jersey	09/08/2018
Aventures Holdings Limited	N/A	Associate	23%	UK	08/11/2018
Globacap Limited	N/A	Associate	23%	UK	22/11/2018
GABI (Holdings) Limited	GHL	Subsidiary	100%	Jersey	27/11/2018
Komainu Holdings Limited	KHL	Associate	20%	Jersey	04/06/2019

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

17 Related party transactions (continued)

Daniel Masters, a director of the company, is also a director of the Company's parent CSHL. Ryan Radloff, a former director of the company, is a former director of the Company's parent CSHL. The Company received service fee income totalling £812,110 from CSHL (2018: £1,342,631) of which £253,953 (2018: £389,529) remains as a receivable at the end of the year.

The Company had costs settled on its behalf by CSJL, a fellow subsidiary of CSHL, of £242,192 (2018: £551,104). The outstanding payable was transferred in full to CSHL during the year.

Daniel Masters, a director of the company, is also a director of GTL. The Company received service fee income totalling £1,429,676 from GTL (2018: £nil). The outstanding receivable was transferred to CSHL at the year end.

Daniel Masters, a director of the company, is also a director of the Company's ultimate parent GAHL. The Company is part of a Group which shares certain central resources (including staffing and premises). In the year the Group introduced a cost sharing arrangement, whereby from January 2019 central costs incurred by Group entities are recharged. The amount recharged was subject to annual agreement between the Company and Group entities. The Company recharged £396,739 (2018: £nil) to GAHL as part of this arrangement.

Daniel Masters, a director of the company, is also a director of Globacap Limited, an investment within the Group. The Company sublet some of its office space to Globacap Limited for a monthly fee. During the year, the Company received income of £66,000 (2018: £nil) of which £nil (2018: £nil) was outstanding at the year end. This sublease ended on 31 December 2019.

Ryan Radloff, a former director of the Company, is a director of PCL. Joseph Carrere, a former consultant for the Company is also a director and shareholder of PCL. During the year the Company repaid the outstanding balance of £182,088 in full. The Company incurred management fees of £nil (2018: £939,798) of which £nil (2018: £189,461) remains outstanding.

The Company paid costs on behalf of CoinShares Co, a fellow subsidiary of CSHL, of £nil (2018: £175,136) and had costs settled on its behalf by CoinShares Co of £16,922 (2018: £nil). The outstanding payable (2018: receivable) was transferred in full to CSHL during the year.

Daniel Masters, a director of the Company, and Ryan Radloff, a former director of the Company, both are shareholders of group companies, and are as such considered related parties of the Company. They receive remuneration in the role as directors of the Company. Total remuneration earned by directors of the Company during the year was £213,336 (2018: £176,439) of which £nil (2018: £nil) remains outstanding at the year end.

18 Events after the reporting date

During March 2020, markets around the world suffered a significant reduction in value, primarily due to the outbreak of COVID-19. This is considered to be a non-adjusting event. The Company is affected by changes in market prices of digital assets, with a reduction in price meaning that revenue may fall, but the Company has received assurance from its parent company that financial support will continue to be made available for the foreseeable future.

19 Controlling party

The Company's immediate parent company is CoinShares (Holdings) Limited ('CSHL'), a company incorporated in Jersey, Channel Islands at 2nd Floor, 2 Hill Street, St Helier, Jersey, JE2 4UA. In the opinion of the directors the ultimate controlling party of the Company is Global Advisors (Holdings) Limited ('GAHL').