

CoinShares (UK) Limited

Audited financial statements for the year ended 31 December 2021



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CoinShares (UK) Limited

Company Information

For the year ended 31 December 2021

The Company	CoinShares (UK) Limited
Registration number	03269801
Registered Office	82 Baker Street London England W1U 6TE
Directors	Frank Spiteri Graeme Dickson (appointed 1 April 2021) Daniel Masters (resigned 31 March 2021) Richard Nash (resigned 31 March 2021)
Company Secretary	CoinShares Corporate Services (Jersey) Limited
Independent Auditors	MacIntyre Hudson LLP 6th Floor 2 London Wall Place London EC2Y 5AU
Bankers	Barclays 13 Library Place St Helier Jersey JE4 8NE
Tax Advisers	Gerald Edelman 73 Cornhill London EC3V 3QQ

CoinShares (UK) Limited

Directors' Report

For the year ended 31 December 2021

The directors present their report and the financial statements of CoinShares (UK) Limited (the 'Company') for the year ended 31 December 2021.

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 services to the wider CoinShares Group, including digital asset research, marketing and branding services, compliance and risk management services, product design and administrative support.

Results and dividends

The profit for the year, after taxation, amounted to £3,119,562 (2020: loss of £790,812) as disclosed on page 9.

The directors do not recommend the payment of a dividend (2020: £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 year ended 31 December 2021

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 but in the ultimate parent company, CoinShares International Limited ('CSIL').

Going concern

In preparing the financial statements the directors made an assessment of the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate the directors considered all available information about the future, which is at least, but is not limited to, twelve months from the date when the financial statements are authorised for issue.

When making the assessment the directors considered and disclosed all material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

The Company has net assets of £4,260,159 (2020: £1,140,597) 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 has both been evidenced to date and which will continue to be provided for the foreseeable future.

Events after the reporting date

The start of 2022 has seen continued volatility in the financial markets. The cryptocurrency market was not immune to this volatility, after suffering a sharp decline in prices in January 2022 the market has bounced back slightly but still trades well below the 2021 year-end close. This is considered to be a non-adjusting event. The Company has received assurance from its parent company that financial support will continue to be made available for the foreseeable future.

On 10 January 2022 the entire share capital of the Company was transferred from CoinShares (Holdings) Limited ('CSHL') to CoinShares International Limited ('CSIL').

On 18 January 2022 the Company entered into an agreement with Brevan Howard Asset Management LLP for the underlease of 82 Baker Street, London, W1U 6TE.

Independent Auditor

MacIntyre Hudson LLP have indicated their willingness to continue in office.

The report was approved by the board on 21 September 2022 and signed on its behalf by:



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CoinShares Corporate Services (Jersey) Limited
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 2021 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Company's affairs as at 31 December 2021 and of its profit 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 requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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

In auditing the financial statements, we have concluded that the directors' 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 Company'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the 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 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.





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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement as set out on page 4, 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 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 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 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- enquiry of management, those charged with governance, around actual and potential litigation and claims;
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- reviewing minutes of meetings of those charged with governance.
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations



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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Coverdale
For and on behalf of MHA MacIntyre Hudson, Statutory Auditor
6th Floor
2 London Wall Place
London
EC2Y 5AU

21 September 2022

CoinShares (UK) Limited**Statement of Comprehensive Income**

For the year ended 31 December 2021

		2021	Restated 2020
	Note	£	£
Revenue	4	11,001,752	3,658,261
Other Income	5	102,925	-
Gross profit		11,104,677	3,658,261
Administrative expenses	6	(7,784,552)	(4,449,073)
Operating profit/(loss)		3,320,125	(790,812)
Interest receivable and similar income		-	-
Profit/(loss) before taxation		3,320,125	(790,812)
Taxation	8	(200,563)	-
Profit/(loss) for the year		3,119,562	(790,812)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		3,119,562	(790,812)

All items dealt with in arriving at profit or loss for 2021 and 2020 relate to continuing operations.

The above should be read in conjunction with the accompanying notes on pages 12 to 24 which form an integral part of these financial statements.

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

As at 31 December 2021

		2021	Restated 2020
	Note	£	£
ASSETS			
Non-current assets			
Property, plant and equipment	9	139,171	19,644
Intangible assets	10	58,769	8,191
		197,940	27,835
Current assets			
Trade and other receivables	11	6,639,527	1,461,922
Cash and cash equivalents		107,928	80,979
		6,747,455	1,542,901
Total assets		6,945,395	1,570,736
LIABILITIES			
Current liabilities			
Trade and other payables	12	(2,685,236)	(430,139)
Total liabilities		(2,685,236)	(430,139)
NET ASSETS		4,260,159	1,140,597
EQUITY			
Share capital	14	4,317,525	4,317,525
Retained earnings		(57,366)	(3,176,928)
Total equity		4,260,159	1,140,597

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:



Graeme Dickson

Director

Date: 21 September 2022

The above should be read in conjunction with the accompanying notes on pages 12 to 24 which form an integral part of these financial statements.

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

For the year ended 31 December 2021

	Note	Share capital £	Retained earnings £	Total equity £
At 1 January 2020		3,117,525	(2,386,116)	731,409
Loss for the year (restated)		-	(790,812)	(790,812)
Shares issued during the year	14	1,200,000	-	1,200,000
At 31 December 2020		4,317,525	(3,176,928)	1,140,597
At 1 January 2021		4,317,525	(3,176,928)	1,140,597
Profit for the year		-	3,119,562	3,119,562
At 31 December 2021		4,317,525	(57,366)	4,260,159

The above should be read in conjunction with the accompanying notes on pages 12 to 24 which form an integral part of these financial statements.

CoinShares (UK) Limited

Notes to the Financial Statements

For the year ended 31 December 2021

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 services to the wider CoinShares Group, including digital asset research, marketing and branding services, compliance and risk management services, product design and administrative support. 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 82 Baker Street, London, England, W1U 6TE 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 3.6).

The following principal accounting policies have been applied:

3.2 Going concern basis

In preparing the financial statements the directors made an assessment of the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate the directors considered all available information about the future, which is at least, but is not limited to, twelve months from the date when the financial statements are authorised for issue.

When making the assessment the directors considered and disclosed all material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

The Company has net assets of £4,260,159 (2020: £1,140,597) 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 has both been evidenced to date and which will continue to be provided for the foreseeable future.

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The Company has taken advantage of the following exemptions in its individual financial statements:

- from disclosing share based payments arrangements, required under FRS 102 paragraphs 26.18b, 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

3 Significant accounting policies (continued)

3.3 Exemptions for qualifying entities under FRS 102 (continued)

- from disclosing details of the remuneration of the highest-paid director as the Company prepares its financial statements under Section 1A Small Entities.
- the exemption in paragraphs 3.1A and 3.1B of FRS 102 from the requirement to prepare a statement of cash flows, as the Company is a small entity applying Section 1A Small Entities.

3.4 Changes in accounting policies

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

3.5 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.

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.

3.6 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.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

3 Significant accounting policies (continued)

3.6 Judgements and sources of estimation uncertainty (continued)

(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.

3.7 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.

Sale of services

The Company earns income from the provision of a variety of services to entities within the wider Group, including digital asset research, marketing and branding services, compliance and risk management services, product design and administrative support. Revenue is recognised in the accounting period in which the services are performed and completed, based on the terms of the contract.

3.8 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% (2020: 19%).

3.9 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

3 Significant accounting policies (continued)

3.9 Employee benefits (continued)

The Company may compensate employees for absence for various reasons including vacation, sickness, maternity and paternity. There is non-accumulating compensation of absence and this does not carry forward; it will lapse if the current period's entitlement is not used in full, therefore the Group does not recognise a liability or expense until the time of absence.

Annual bonus plan

The Company operates a bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

3.10 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.

3.11 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.

3.12 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
Licenses	10% Straight line

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.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

3 Significant accounting policies (continued)

3.13 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.

3.14 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.

3.15 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.

3.16 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.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

3 Significant accounting policies (continued)

3.17 Comparative information and restatement

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 share based payment expenses.

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

	2020		2020
	Original	Adjustment	Restated
	£	£	£
Statement of Comprehensive Income			
Gross profit	3,658,261	-	3,658,261
Administrative expenses	(4,271,324)	(177,749)	(4,449,073)
Operating loss	(613,063)	(177,749)	(790,812)
Interest receivable and similar income	-	-	-
Loss before taxation	(613,063)	(177,749)	(790,812)
Taxation on loss	-	-	-
Loss for the year	(613,063)	(177,749)	(790,812)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	(613,063)	(177,749)	(790,812)
	2020		2020
	Original	Adjustment	Restated
	£	£	£
Statement of Financial Position			
ASSETS			
Total assets	1,570,736	-	1,570,736
LIABILITIES			
Current liabilities			
Trade and other payables	(252,390)	(177,749)	(430,139)
Total liabilities	(252,390)	(177,749)	(430,139)
NET ASSETS	1,318,346	(177,749)	1,140,597
EQUITY			
Share capital	4,317,525	-	4,317,525
Retained earnings	(2,999,179)	(177,749)	(3,176,928)
Total equity	1,318,346	(177,749)	1,140,597

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

4 Revenue

	2021 £	2020 £
Revenue	11,001,752	3,658,261
	11,001,752	3,658,261

The Company generates income from a variety of services provided to CoinShares Capital Markets (Jersey) Limited ('CSCMJL'), a group company under common control.

Fees receivable from CSCMJL for the year are £11,001,752 (2020: £3,658,261).

5 Other Income

	2021 £	2020 £
Placement fees	102,925	-
	102,925	-

The Company earned placement fees from Block Asset Management S.à.r.l. under the terms of an agreement entered into on 26 September 2018. The agreement was terminated on 11 September 2021.

6 Administration expenses by nature

Included within administration expenses of £7,784,552 (2020: £4,449,073) (see page 25) are the following amounts:

	2021 £	Restated 2020 £
Fees payable for the audit of the Company's annual accounts	14,803	7,000
Depreciation of tangible assets	21,517	29,759
Amortisation on intangible assets	1,078	785
Salaries	6,435,233	3,289,492
Operating lease expenses	429,927	554,421
Office expenses	9,954	5,252
Realised loss on foreign exchange	6,078	4,674
Unrealised gain on foreign exchange	(81,271)	(7,808)
Marketing expenses	651,905	291,084

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

7 Staff and directors

Staff costs during the year were as follows:

	2021 £	Restated 2020 £
Wages and salaries	2,766,428	1,564,500
National insurance costs	345,100	324,187
Other pension costs	18,922	15,057
Other benefits	208,974	53,051
	3,339,424	1,956,795

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

	2021	2020
Directors	2	3
Staff	18	15
	20	18

Remuneration in respect of directors was as follows:

	2021 £	Restated 2020 £
Remuneration	2,210,656	1,153,131
Other benefits	885,153	177,596
Other pension costs	-	1,970
	3,095,809	1,332,697

8 Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: the same as) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	3,320,125	(790,812)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	630,824	-
Effects of:		
Brought forward losses	(394,011)	-
Expenses not deductible for tax purposes	(9,452)	-
Capital allowances	(26,798)	-
Total tax charge for the year	200,563	-

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

9 Property, plant and equipment

	Computer Equipment £	Furniture & Fittings £	Total £
Cost			
At 1 January 2021	47,425	46,120	93,545
Additions	99,763	41,281	141,044
At 31 December 2021	147,188	87,401	234,589
Accumulated depreciation			
At 1 January 2021	34,268	39,633	73,901
Charge for the year	13,574	7,943	21,517
At 31 December 2021	47,842	47,576	95,418
Net book value			
At 31 December 2021	99,346	39,825	139,171
At 31 December 2020	13,157	6,487	19,644

10 Intangible assets

	Trademarks £	Licenses £	Capitalised development costs £	Total £
Cost				
At 1 January 2021	9,398	-	-	9,398
Additions	-	8,480	43,176	51,656
At 31 December 2021	9,398	8,480	43,176	61,054
Accumulated amortisation				
At 1 January 2021	1,207	-	-	1,207
Charge for the year	982	96	-	1,078
At 31 December 2021	2,189	96	-	2,285
Net book value				
At 31 December 2021	7,209	8,384	43,176	58,769
At 31 December 2020	8,191	-	-	8,191

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

11 Trade and other receivables

	2021 £	2020 £
Deposit	103,760	103,760
Prepayments	6,059	167,721
Amounts owed by group undertakings	6,437,804	1,105,937
VAT Receivable	66,676	36,403
Deferred rent	-	44,309
Accounts receivable	25,228	3,792
	6,639,527	1,461,922

Amounts owed by group undertakings is the balance receivable from the parent company CSHL (see note 15). The balance is unsecured, interest free and repayable on demand.

12 Trade and other payables

	2021 £	Restated 2020 £
Amounts owed to group undertakings	-	177,749
Trade payables	16,906	53,479
Accruals	2,467,767	198,911
Provision for corporation tax	200,563	-
	2,685,236	430,139

13 Commitments

Operating leasing commitments - where the Company is a lessee

As at 31 December 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than one year	-	132,927
Later than one year and not later than two years	-	-
Later than two years and not later than five years	-	-
	-	132,927

Future minimum payments on the current leases total £nil (2020: £132,927).

On 18 January 2022 the Company entered into an agreement with Brevan Howard Asset Management LLP for the underlease of 82 Baker Street, London, W1U 6TE. The lease term is two years, commencing on 1 January 2022 to 31 December 2023. Total rent per annum of £788,647 comprises rent of £705,525 and rentalised works of £83,122.

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

For the year ended 31 December 2021

14 Share capital**Shares classified as equity**

	Allotted, called-up and fully paid			
	2021 Number	2021 £	2020 Number	2020 £
Ordinary shares of £1 each	4,317,525	4,317,525	4,317,525	4,317,525
	4,317,525	4,317,525	4,317,525	4,317,525

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 29 May 2020, the Company entered into a capitalisation agreement with its parent company CSHL to convert £1,200,000 of outstanding loans into £1 ordinary shares. No such agreements were entered into during 2021.

	2021 Number	2021 £	2020 Number	2020 £
Opening balance	2,617,525	4,317,525	1,417,525	3,117,525
Shares issued	-	-	1,200,000	1,200,000
Closing balance	2,617,525	4,317,525	2,617,525	4,317,525

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

15 Related party transactions

The Group consists of the Company and the following entities held by the ultimate parent company, CSIL:

Name	Defined as	Investee Relationship	CSIL's Ownership %	Jurisdiction	Date of Acquisition/ Incorporation
CoinShares (Holdings) Limited	CSHL	Subsidiary	100%	Jersey	25/04/2017
XBT Provider AB (publ)	XBTP	Subsidiary	100%	Sweden	25/09/2017
CoinShares GP II Limited	CSGP2L	Subsidiary	100%	Jersey	09/02/2018
CoinShares Corporate Services (Jersey) Limited	CSCSJL	Subsidiary	100%	Jersey	25/06/2018
CoinShares Co	CSCo	Subsidiary	100%	USA	01/07/2018
Gold Token SA	GTSA	Joint Venture	50%	Switzerland	08/08/2018
CoinShares Employment Services (Jersey) Limited	CSESJL	Subsidiary	100%	Jersey	09/08/2018
GABI Trading Limited (Asia)	GTLA	Subsidiary	100%	Hong Kong	12/02/2019
GABI Capital Limited	GCL	Subsidiary	100%	Jersey	30/06/2019
CoinShares (Jersey) Limited	CSJL	Subsidiary	100%	Jersey	26/09/2018
CoinShares Capital, LLC	CS Cap	Subsidiary	100%	USA	18/09/2019
CoinShares Capital Markets (Jersey) Limited	CSCMJL	Subsidiary	100%	Jersey	30/06/2019
CoinShares Capital Markets (UK) Limited	CSCMUKL	Subsidiary	100%	UK	30/06/2019
CoinShares GP I LLC	CSGPI	Subsidiary	100%	USA	20/03/2020
CoinShares Digital Securities Limited	CSDSL	Subsidiary	100%	Jersey	30/06/2020
Elwood Asset Management Services Limited	EAMSL	Subsidiary	100%	UK	20/07/2021
Elwood Asset Management LLP	EAMLLP	Subsidiary	100%	UK	20/07/2021
Napoleon Crypto SAS	NCSAS	Subsidiary	100%	France	17/12/2021
Napoleon Group SAS	NGSAS	Subsidiary	100%	France	17/12/2021
Napoleon Software SAS	NSSAS	Subsidiary	100%	France	17/12/2021

The Company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

16 Events after the reporting date

The start of 2022 has seen continued volatility in the financial markets. The cryptocurrency market was not immune to this volatility, after suffering a sharp decline in prices in January 2022 the market has bounced back slightly but still trades well below the 2021 year-end close. This is considered to be a non-adjusting event. The Company has received assurance from its parent company that financial support will continue to be made available for the foreseeable future.

On 10 January 2022 the entire share capital of the Company was transferred from CSHL to CSIL.

On 18 January 2022 the Company entered into an agreement with Brevan Howard Asset Management LLP for the underlease of 82 Baker Street, London, W1U 6TE.

CoinShares (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

17 Controlling party

The Company's immediate parent company is 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 CSIL.

CoinShares (UK) Limited

Appendix 1: Detailed administration expenses for the year ended 31 December 2021 (unaudited)

	2021	Restated 2020
	£	£
Administration expenses		
Accountancy fees	5,997	8,289
Audit fees	14,803	7,000
Depreciation	21,517	29,759
Amortisation	1,078	785
Directors' remuneration	3,095,809	1,332,697
Entertainment	19,525	2,317
General business expenses	27,342	24,300
HR related	71,931	40,190
Legal fees	64,688	146,123
Marketing	651,905	291,084
Market Data	37,122	38,705
Office expenses	9,954	5,252
Professional fees	28,116	4,200
Realised loss on foreign exchange	6,078	4,674
Regulatory expenses	254	2,284
Rent	429,927	557,573
Staff salaries	3,339,424	1,956,795
Travel and hotel accommodation	40,353	4,854
Unrealised gain on foreign exchange	(81,271)	(7,808)
	7,784,552	4,449,073