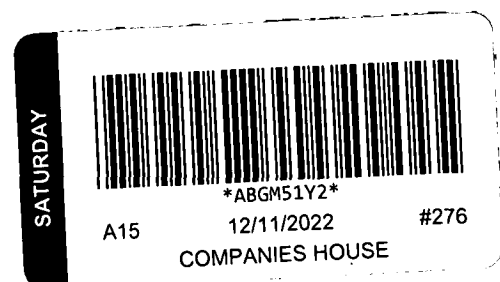


Cryptopay Limited

Financial statements

For the year ended 31 December 2021

Registered number: 08730592



Statement of financial position

As at 31 December 2021


			(Unaudited) As restated 2020 £
	Note	2021 £	£
Fixed assets			
Intangible assets	4	423,918	363,454
Current assets			
Inventories	5	37,949,050	26,230,525
Debtors	6	1,384,113	1,066,965
Cash at bank and in hand		26,345,035	16,134,507
		<u>65,678,198</u>	<u>43,431,997</u>
Creditors: amounts falling due within one year	8	(60,808,142)	(39,583,379)
Net current assets		<u>4,870,056</u>	<u>3,848,618</u>
Total assets less current liabilities		<u>5,293,974</u>	<u>4,212,072</u>
Creditors: amounts falling due after more than one year	9	(3,238,465)	(3,994,466)
Net assets		<u><u>2,055,509</u></u>	<u><u>217,606</u></u>
Capital and reserves			
Called up share capital		200	200
Profit and loss account		2,055,309	217,406
		<u><u>2,055,509</u></u>	<u><u>217,606</u></u>

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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 October 2022.

DocuSigned by:

 575057C352634C1...
Dmitrii Guniashov
 Director

The notes on pages 2 to 8 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2021

1. General information

The company is a private company limited by shares and incorporated in England and Wales. The registered office is 8 Devonshire Square London, EC2M 4PL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

As described in note 14, in March 2022 the company transferred the cryptoassets and crypto services to a new group company located in Estonia following changes in the UK regulatory regime. The company will therefore provide support services to the new Estonian company.

Following the reconstruction in March 2022, the directors have re-forecasted the cash flows of the company and have determined that there are sufficient resources for the company to meet its debts as they fall due for the foreseeable future, and therefore they have prepared the financial statements of the company on a going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding rebates, value added tax and other sales taxes.

The company's revenue is derived from cryptocurrency transactional services, where a user of the company's services can buy and sell cryptocurrencies. The company charges fixed transaction fees to provide this service. Revenue is recognised at the point of trade and settlement is instantly transferred into the company bank account.

For transactions involving the sales of cryptocurrency or fiat currency the Company acts as Agent as it does not assume control of the currency asset prior to execution of the trade. Revenue in relation to these user transactions is therefore recognised on a net basis.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.7 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.9 Intangible assets

Intangible assets represent certain website development costs that meet the recognition criteria to qualify for recognition as an asset. The website is developed for internal and external access and contains the service that is being sold to the customers. Intangible assets are amortised to profit and loss account over its estimated useful life.

The estimated useful lives of the development costs is 2 years.

Notes to the financial statements

For the year ended 31 December 2021

2. Accounting policies (continued)

2.10 Inventories

Inventories represent digital assets (cryptocurrencies). As the company acts as a broker-trader who buys and sells digital assets principally for the purpose of execution of customer trades, the company measures digital assets inventories at fair value less costs to sell. Fair value is determined by reference to quoted prices on actively traded markets.

2.11 Debtors

Short-term debtors are measured at 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.

2.12 Creditors

Short-term creditors 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.

2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the financial statements

For the year ended 31 December 2021

3. Employees

The average monthly number of employees, including directors, during the year was 7 (2020 - 10).

4. Intangible assets

	Development expenditure £
Cost	
At 1 January 2021	1,313,067
Additions	421,182
At 31 December 2021	1,734,249
Amortisation	
At 1 January 2021	949,613
Charge for the year	360,718
At 31 December 2021	1,310,331
Net book value	
At 31 December 2021	423,918
At 31 December 2020	363,454

5. Inventories

	2021 £	As restated 2020 £
Crypto assets held for clients	35,288,187	26,134,982
Commissions earned held in crypto assets	2,660,863	95,543
	37,949,050	26,230,525

Notes to the financial statements

For the year ended 31 December 2021

6. Debtors

	2021 £	2020 £
Due after more than one year		
Amounts owed by related undertakings	-	501,044
Due within one year		
Trade debtors	2,606	364,610
Amounts owed by related undertakings	852,591	10,805
Other debtors	-	70,352
Prepayments and accrued income	528,916	7,556
Tax recoverable	-	112,598
	1,384,113	1,066,965

7. Cash at bank and in hand

	2021 £	As restated 2020 £
Cash owned by the company	4,374,388	3,242,525
Cash held on behalf of customers	21,970,647	12,891,982
	26,345,035	16,134,507

8. Creditors: Amounts falling due within one year

	2021 £	As restated 2020 £
Trade creditors	385,313	206,133
Amounts owed to group undertakings	1,388,070	-
Corporation tax	1,736,663	125,389
Other taxation and social security	27,640	210,484
Other creditors	11,622	14,655
Amounts due to customers	57,258,834	39,026,718
	60,808,142	39,583,379

Notes to the financial statements

For the year ended 31 December 2021

9. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other loans	3,238,465	3,994,466
	<u>3,238,465</u>	<u>3,994,466</u>

Other loans are unsecured and attract interest of 0% and is repayable by 31 December 2027.

10. Customer balances

The company holds funds on behalf of its customers in the form of fiat currencies and cryptocurrencies. The company operates customer deposit bank accounts at financial institutions in Europe where fiat currencies on behalf of the clients are held.

Whilst the company has no intention to use customers' funds in its business activities and does not receive any rewards from holding them, the company has recognised the assets and corresponding liabilities on the balance sheet.

	2021 £	2020 £
Crypto assets held for clients	35,288,187	26,134,736
Cash held for clients	21,970,647	12,891,982
Balances due to customers (liability)	(57,258,834)	(39,026,718)
	<u>-</u>	<u>-</u>

11. Prior year restatement

In the prior year, the company presented all crypto assets and fiat currency held for customers net of the liability. The corresponding figures at 31 December 2020 have been restated to show these gross. This has resulted in no change in net assets or results for the year ended 31 December 2020.

12. Related party transactions

During the year, loans issued to companies under common control totalled £2,558,914 (2020: £501,044). No interest was charged on these loans during the year (2020: £nil). Loans totalling £312,120 (2020: £nil) were written off during the year. As at 31 December 2021, £841,772 (2020: £501,044) was due to the company.

As at 31 December 2021, the company had a loan balance of £3,238,465 (2020: £3,994,466) due to a company under common control. No interest was charged during the year (2020: £nil).

Notes to the financial statements

For the year ended 31 December 2021

13. Post balance sheet events

On 31 March 2022, the FCA withdrew its Temporary Permissions Regime and therefore the directors decided to transition all of the company's cryptoasset services and inventory of cryptoassets to a new entity, CPS Solutions OÜ, a company registered in Estonia. The cryptoasset services for the company's customers are now provided by CPS Solutions OÜ.

The company is in the process of applying for a registration with the FCA in the UK which will enable them to move the cryptoasset services and inventory back to the UK.

14. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2021 was qualified.

The qualification in the audit report was as follows:

We were not appointed as auditor of the company until the year ended 31 December 2021 and the prior year was unaudited. We were unable to satisfy ourselves concerning the existence or valuation of inventories held at 31 December 2020, the existence or valuation of cash at bank held at that date or of the customer liability at that date. These balances are included in the Statement of financial position at 31 December 2020 at £26,230,525, £16,134,507 and (£39,026,718) respectively. Consequently we were unable to determine whether any adjustment to these amounts at 31 December 2020 was necessary or whether there has been any consequential effect on the cost of sales for the year ended 31 December 2021.

Arising solely from the limitation on the scope of our work relating to the opening balances at 31 December 2020 referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

The audit report was signed on 27 October 2022 by Katherine White (Senior statutory auditor) on behalf of Buzzacott LLP.