Registered number: 09823112

NCHAIN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

NCHAIN LIMITED

COMPANY INFORMATION

Directors	A Moody D Washburn (resigned 30 November 2020) C Jackett (appointed 1 December 2020)
Registered number	09823112
Registered office	28-30 Market Place London W1W 8AP
Independent auditors	Berg Kaprow Lewis LLP Chartered Accountants & Statutory Auditor 35 Ballards Lane London N3 1XW

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

Founded in 2015, nChain Ltd is focused purely on the research and development needed to drive enterprise application and adoption of the nascent blockchain technology. Beginning in 2019, custom solutions and commercial applications were offered to support clients with their data integrity needs. Today, nChain Ltd offers a suite of commercial products and services that leverage the wider Group's IP portfolio of over 250 patent-pending or granted inventions.

Business review

2020 was a productive year as the Company continued its commercial reorientation and was impacted by the unfortunate situation of COVID-19, which has driven investment and adoption in IT and communication infrastructure at an unforeseen pace. The result was an increase in turnover of more than 35%.

During the year, the Company maintained high standards for quality and quantity of research, engineering and development of solutions that address the complex hurdles facing in the nascent industry. In addition to expanding the commercial capacity of the organization nChain prioritised strengthening IT security, ensuring compliance with all relevant regulations and building the infrastructure need to scale the blockchain technology that underpins its commercial offerings.

Principal risks and uncertainties

nChain Ltd. builds products for and provide services to companies within the blockchain industry as well as governments and enterprises seeking to improve their data management processes and the integrity of the data used in managing their businesses.

The latter "white labelling" approach is a key strategy to bridge market uncertainty around blockchain technology, whilst demonstrating the benefits available from this new technology.

Financial key performance indicators

Revenue has increased by more than 35%, with net profit consistently increasing year on year.

This report was approved by the board and signed on its behalf.

A Moody
Director

Date: 13 July 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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'. 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 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Principal activity

The purpose of the Company is to enable enterprise-level organisations to add blockchain based capabilities to their existing business services through the provision of commercial blockchain and IT products and services.

The Company is engaged in the development, maintenance, marketing and service delivery of blockchain products using it's world-leading research and engineering resources.

Results and dividends

The profit for the year, after taxation, amounted to £817,591 *(2019 - £566,068)*.

The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

A Moody
D Washburn (resigned 30 November 2020)
C Jackett (appointed 1 December 2020)

Future developments

The Group's technology platform, launching in 2021, will provide seamless access to commercial blockchain infrastructure and applications, reducing the need for organisations to undertake complex development work or develop in-house blockchain expertise.

The Company is also advancing custom solutions for governments and private sector enterprise, and expects some of these projects to move to full engagements and implementation in 2021 and 2022.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Berg Kaprow Lewis LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

A Moody
Director

Date: 13 July 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF NCHAIN LIMITED

Opinion

We have audited the financial statements of NChain Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of cash flows and the related notes, 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 2020 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF NCHAIN LIMITED (CONTINUED)

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 Auditors' 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.

Opinion 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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 directors

As explained more fully in the Directors' responsibilities statement set out on page 2, 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.

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

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

- Enquiring of management around actual and potential litigation and claims;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliancewith applicable laws and regulations;
- Performing audit work over the risks of management override of controls, including testing of journalentriesand other adjustments for appropriateness, evaluating business rationale of significant transactionsoutside thenormal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, includingthose leading to a material misstatement in the financial statements or non-compliance with regulation. This riskincreases the more that compliance with a law or regulation is removed from the events and transactionsreflected 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 involvesintentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF NCHAIN LIMITED (CONTINUED)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Auditors' 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.

Michael Wedge FCA (Senior statutory auditor)

for and on behalf of
Berg Kaprow Lewis LLP

Chartered Accountants
Statutory Auditor

London

13 July 2021

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	*2019 £*
Turnover	3	**12,119,889**	*8,887,097*
Gross profit		**12,119,889**	*8,887,097*
Administrative expenses		**(11,085,865)**	*(8,230,474)*
Operating profit		**1,034,024**	*656,623*
Interest receivable and similar income		**694**	*-*
Profit before tax		**1,034,718**	*656,623*
Tax on profit	7	**(217,127)**	*(90,555)*
Profit after tax		**817,591**	*566,068*
Retained earnings at the beginning of the year		**895,252**	*329,184*
		895,252	*329,184*
Profit for the year		**817,591**	*566,068*
Retained earnings at the end of the year		**1,712,843**	*895,252*

The notes on pages 13 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £		*2019 £*
Fixed assets					
Tangible assets	9		**802,103**		*293,409*
			802,103		*293,409*
Current assets					
Debtors: amounts falling due after more than one year	10	**434,592**		*-*	
Debtors: amounts falling due within one year	10	**1,065,111**		*4,474,416*	
Cash at bank and in hand		**4,343,069**		*385,738*	
		5,842,772		*4,860,154*	
Creditors: amounts falling due within one year	11	**(4,855,278)**		*(4,258,310)*	
Net current assets			**987,494**		*601,844*
Total assets less current liabilities			**1,789,597**		*895,253*
Provisions for liabilities					
Deferred tax	12	**(76,753)**		*-*	
			(76,753)		*-*
Net assets			**1,712,844**		*895,253*
Capital and reserves					
Called up share capital	13		**1**		*1*
Profit and loss account	14		**1,712,843**		*895,252*
			1,712,844		*895,253*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

A Moody
Director

Date: 13 July 2021

The notes on pages 13 to 24 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Cash flows from operating activities		
Profit for the financial year	**817,591**	*566,068*
Adjustments for:		
Depreciation of tangible assets	**177,255**	*141,590*
Loss on disposal of tangible assets	**20,600**	*1,620*
Interest received	**(694)**	*-*
Taxation charge	**217,127**	*90,555*
Decrease/(increase) in debtors	**2,966,570**	*(3,722,717)*
Increase in creditors	**181,723**	*136,595*
Increase in amounts owed to groups	**405,245**	*3,210,488*
Corporation tax (paid)	**(122,229)**	*(78,793)*
Net cash generated from operating activities	**4,663,188**	*345,406*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(7,421,249)**	*-*
Sale of intangible assets	**7,421,249**	*-*
Purchase of tangible fixed assets	**(706,551)**	*(83,478)*
Interest received	**694**	*-*
Net cash from investing activities	**(705,857)**	*(83,478)*
Net increase in cash and cash equivalents	**3,957,331**	*261,928*
Cash and cash equivalents at beginning of year	**385,738**	*123,810*
Cash and cash equivalents at the end of year	**4,343,069**	*385,738*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**4,343,069**	*385,738*
	4,343,069	*385,738*

The notes on pages 13 to 24 form part of these financial statements.

1. General information

The principal activity of nChain Limited ("the Company") is to enable enterprise-level organisations to add blockchain based capabilities to their existing business services through the provision of commercial blockchain and IT products and services. The Company is engaged in the development, maintenance, marketing and service delivery of blockchain products using it's world-leading research and engineering resources.

The Company is limited by shares and is incorporated in England and Wales.

The registered office is 28-30 Market Place, London, W1W 8AP.

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

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to trade for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements, and will be able to meet its debts as they fall due. The directors are satisfied that the company has sufficient funds to continue to trade for the foreseeable future.

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.

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 discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Turnover is recognised in the period to which it relates.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Pensions

Defined contribution pension plan

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. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are 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.

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate 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	-	20%
Computer equipment	-	20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.12 Financial instruments

The Company only enters into basic financial instruments and transactions that result in the recognition of financial assets and liabilities like trade debtors and creditors and amounts owed by and to group undertakings.

(i) Financial assets

Basic financial assets, including trade debtors, and amounts due from group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Income and Retained Earnings.

(ii) Financial liabilities

Basic financial liabilities, including trade creditors and accruals, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Turnover

The whole of the turnover is attributable to provision of commercial blockchain and IT products and services.

Analysis of turnover by country of destination:

	2020	*2019*
	£	*£*
United Kingdom	**46,607**	*366*
Rest of Europe	**-**	*2,971*
Rest of the world	**12,073,282**	*8,883,760*
	12,119,889	*8,887,097*

4. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £ *(2019 -).*

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	*2019* *£*
Wages and salaries	**6,085,566**	*4,150,833*
Social security costs	**709,546**	*494,772*
Cost of defined contribution scheme	**404,383**	*240,440*
	7,199,495	*4,886,045*

The average monthly number of employees, including directors, during the year was 76 *(2019 - 51)*.

6. Directors' remuneration

	2020 £	*2019* *£*
Directors' emoluments	**195,750**	*250,523*
	195,750	*250,523*

During the year retirement benefits were accruing to 2 directors *(2019 - 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £113,667 *(2019 - £160,417)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,490 *(2019 - £9,799)*.

7. Taxation

	2020 £	*2019 £*
Corporation tax		
Current tax on profits for the year	**135,000**	*125,000*
Adjustments in respect of previous periods	**(2,771)**	*-*
Total current tax	**132,229**	*125,000*
Deferred tax		
Origination and reversal of timing differences	**84,898**	*(34,445)*
Total deferred tax	**84,898**	*(34,445)*
Taxation on profit on ordinary activities	**217,127**	*90,555*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2019 - lower than)* the standard rate of corporation tax in the UK of 19% *(2019 - 19%)*. The differences are explained below:

	2020 £	*2019 £*
Profit on ordinary activities before tax	**1,034,718**	*656,623*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**196,596**	*124,758*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**3,656**	*1,105*
Capital allowances for year in excess of depreciation	**14,906**	*(32,754)*
Adjustments to tax charge in respect of prior periods	**(2,771)**	*-*
Changes in provisions leading to an increase (decrease) in the tax charge	**-**	*(3,956)*
Other differences leading to an increase (decrease) in the tax charge	**4,740**	*1,402*
Total tax charge for the year	**217,127**	*90,555*

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. Intangible assets

	Digital assets
	£
Additions - internal	7,421,249
Disposals	(7,421,249)
At 31 December 2020	-
Net book value	
At 31 December 2020	-
At 31 December 2019	-

Digital assets are initially recognised at cost. After recognition, under the revaluation model, digital assets shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent impairment losses - provided that the fair value can be determined by reference to an active market.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date.

9. Tangible fixed assets

	Fixtures and fittings	Computer equipment	Total
	£	£	£
Cost or valuation			
At 1 January 2020	543,738	217,090	760,828
Additions	412,688	293,863	706,551
Disposals	(505,922)	-	(505,922)
At 31 December 2020	450,504	510,953	961,457
Depreciation			
At 1 January 2020	396,306	71,114	467,420
Charge for the year on owned assets	125,205	52,051	177,256
Disposals	(485,322)	-	(485,322)
At 31 December 2020	36,189	123,165	159,354
Net book value			
At 31 December 2020	414,315	387,788	802,103
At 31 December 2019	*147,432*	*145,976*	*293,408*

10. Debtors

	2020 £	2019 £
Due after more than one year		
Other debtors	434,592	-

	2020 £	2019 £
Due within one year		
Trade debtors	622,594	3,678,672
Other debtors	386,987	669,850
Prepayments and accrued income	55,530	117,749
Deferred taxation	-	8,145
	1,065,111	4,474,416

11. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	305,308	230,680
Amounts owed to group undertakings	4,003,802	3,598,557
Corporation tax	135,000	125,000
Other taxation and social security	224,802	185,360
Other creditors	-	5,167
Accruals and deferred income	186,366	113,546
	4,855,278	4,258,310

12. Deferred taxation

	2020 £	2019 £
At beginning of year	8,145	(26,300)
Charged to profit or loss	(84,898)	34,445
At end of year	(76,753)	8,145

12. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2020 £	*2019 £*
Accelerated capital allowances	**(76,753)**	*8,145*
	(76,753)	*8,145*

13. Share capital

	2020 £	*2019 £*
Allotted, called up and fully paid		
1 *(2019 - 1)* Ordinary share of £1.00	**1**	*1*

14. Reserves

Profit and loss account

Includes all current and prior period retained profits and losses.

15. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £404,383 (2019 - £240,440). Contributions totalling £Nil (2019 - £nil) were payable to the fund at the reporting date and are included in creditors.

16. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	*2019 £*
Not later than 1 year	**155,856**	*413,010*
Later than 1 year and not later than 5 years	**2,520,144**	-
Later than 5 years	**3,150,180**	-
	5,826,180	*413,010*

17. Controlling party

The immediate parent company is nChain AG, a company incorporated in Switzerland.

The ultimate controlling party is DW Discovery Selection Fund.