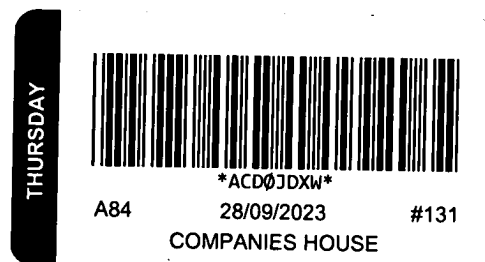


CoinShares Capital Markets (UK) Limited

Audited financial statements for the year ended 31 December 2022



Contents

	Page
Company Information	3
Directors' Report	4-5
Independent Auditor's Report	6-9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13-23
The following pages do not form part of the audited financial statements:	
Appendix 1: Detailed administration expenses (unaudited)	24

CoinShares Capital Markets (UK) Limited

Company Information

For the year ended 31 December 2022

The Company	CoinShares Capital Markets (UK) Limited
Registered number	11646039
Registered Office	1st Floor Lombard Street (from 1 August 2023) London England EC3V 9AQ 82 Baker Street (from 17 January 2022, until 31 July 2023) London England W1U 6TE Octagon Point (until 16 January 2022) 5 Cheapside St Paul's London EC2V 6AA
Directors	Pierre Porthaux (appointed 4 July 2022) CoinShares Corporate Services (Jersey) Limited Jean-Marie Mognetti (resigned 4 July 2022) Frank Spiteri (appointed 30 June 2023) Graeme Dickson (appointed 30 June 2023)
Company Secretary	CoinShares Corporate Services (Jersey) Limited
Independent Auditor	MHA 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 Capital Markets (UK) Limited

Directors' Report

For the year ended 31 December 2022

The directors present their report and the financial statements of CoinShares Capital Markets (UK) Limited (the 'Company') for the year ended 31 December 2022.

Incorporation

The Company was incorporated on 29 October 2018 in England and Wales.

Principal activity

The principal activity of the Company is information and technology consultancy and development.

Results and dividends

The profit for the year, after taxation, amounted to £1,462,309 (2021: £2,224,900) as disclosed on page 10.

The directors do not recommend the payment of a dividend (2021: £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'. 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 Capital Markets (UK) Limited

Directors' Report (continued)

For the year ended 31 December 2022

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 year 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 £4,600,109 (2021: £3,137,800). The directors have prepared these financial statements on a going concern basis due to the ongoing financial support received from other Group entities, inclusive of its parent company, which will continue to be provided for the foreseeable future.

Events after the reporting date

The Company became part of a Value-Added Tax ('VAT') group with CoinShares (UK) Limited ('CSUKL') on 8 February 2023.

On 15 February 2023 the Company entered into a Service Level Agreement ('SLA') with CSUKL. As part of the SLA, CSUKL will be remunerated for the provision of staff and office rental to the Company rental by way of an intercompany recharge.

The Company entered into an agreement for the lease of 1st Floor, 3 Lombard Street, London EC3V 9AQ effective 1 August 2023, with a lease term of 5 years. The annual exclusive rent payable is £516,139.50 per annum exclusive of service charge, rates, insurance and VAT with a rent free period of 8 months. The Company relocated to this address on 1 August 2023.

From 1 August 2023 all assets, operations and staff transferred from CSUKL to the Company. The SLA entered into on 15 February 2023 was terminated as at this date.

Independent Auditor

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution will be passed to reappoint MHA as the independent auditor.

The report was approved by the board on 22 September 2023 and signed on its behalf by:



.....
CoinShares Corporate Services (Jersey) Limited
Company Secretary

COINSHARES CAPITAL MARKETS (UK) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COINSHARES CAPITAL MARKETS (UK) LTD

Opinion

We have audited the financial statements of CoinShares Capital Markets (UK) Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of income and retained earnings, the Statement of financial position 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 2022 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.

COINSHARES CAPITAL MARKETS (UK) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COINSHARES CAPITAL MARKETS (UK) LTD (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Directors' report for the financial year 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 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 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; or
 - the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.
-

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COINSHARES CAPITAL MARKETS (UK) LTD (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement 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 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:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in 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 and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations

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, 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

COINSHARES CAPITAL MARKETS (UK) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COINSHARES CAPITAL MARKETS (UK) LTD (CONTINUED)

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.

John Coverdale

John Coverdale BSc FCA (Senior statutory auditor)
for and on behalf of
MHA
Statutory Auditor
London, United Kingdom
Date: 25 September 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

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

For the year ended 31 December 2022

		1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	Note	£	£
Revenue	4	4,112,663	4,186,257
Gross profit		4,112,663	4,186,257
Administration expenses	5	(2,321,919)	(1,688,720)
Operating profit		1,790,744	2,497,537
Profit before taxation		1,790,744	2,497,537
Taxation on profit	7	(328,435)	(272,637)
Profit for the year		1,462,309	2,224,900
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,462,309	2,224,900

All items dealt with in arriving at profit for 2022 and 2021 relate to continuing operations.

The above should be read in conjunction with the accompanying notes on pages 12 to 23 which form an integral part of these financial statements.

CoinShares Capital Markets (UK) Limited

Statement of Financial Position

As at 31 December 2022

		As at 31 December 2022	As at 31 December 2021
	Note	£	£
ASSETS			
Non-current assets			
Property, plant and equipment	8	16,160	26,943
Intangible assets	9	123,263	23,076
		139,423	50,019
Current assets			
Trade and other receivables	10	4,836,580	4,133,063
Cash and cash equivalents	11	17,292	5,395
		4,853,872	4,138,458
Total assets		4,993,295	4,188,477
LIABILITIES			
Current liabilities			
Trade and other payables	12	212,172	583,286
Current tax liabilities		181,014	467,391
Total liabilities		393,186	1,050,677
Net assets		4,600,109	3,137,800
EQUITY			
Share capital	13	100	100
Retained earnings		4,600,009	3,137,700
Total equity		4,600,109	3,137,800

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 on pages 9 to 23 were approved and authorised for issue by the Board of Directors of the Company and signed on its behalf by:

Pierre Porthaux

Pierre Porthaux
Director

Date: 22 September 2023

The above should be read in conjunction with the accompanying notes on pages 12 to 23 which form an integral part of these financial statements.

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

For the year ended 31 December 2022

	Ordinary Shares £	Retained Earnings £	Total equity £
At 1 January 2021	100	912,800	912,900
Profit for the year	-	2,224,900	2,224,900
Total comprehensive income	-	2,224,900	2,224,900
At 31 December 2021	100	3,137,700	3,137,800
At 1 January 2022	100	3,137,700	3,137,800
Profit for the year	-	1,462,309	1,462,309
Total comprehensive income	-	1,462,309	1,462,309
At 31 December 2022	100	4,600,009	4,600,109

The above should be read in conjunction with the accompanying notes on pages 12 to 23 which form an integral part of these financial statements.

CoinShares Capital Markets (UK) Limited

Notes to the Financial Statements

For the year ended 31 December 2022

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

1 General information

CoinShares Capital Markets (UK) Limited (the 'Company') operates in the United Kingdom. The principal activity of the Company is to provide information and technology consultancy and development. The Company also provides investment management services. 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 1st Floor 3 Lombard Street, London, England, EC3V 9AQ and its company registration number is 11646039.

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 £4,600,109 (2021: £3,137,800). The directors have prepared these financial statements on a going concern basis due to the ongoing financial support received from other Group entities, inclusive of its parent company, which will continue to be provided for the foreseeable future.

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:

- 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.
- 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 Capital Markets (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

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 years.

3.5 Foreign currency translation

Functional and presentation currency

The Company's financial statements are presented in Pound Sterling (£), which is the functional currency. All values are rounded to the nearest pound, except when otherwise indicated.

Transactions and balances

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

Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

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:

Critical judgements

(i) 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.

Estimates

(ii) 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.

(iii) 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 Capital Markets (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

3.7 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts and value-added taxes.

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 information and technology consultancy services. Revenue is recognised in the accounting period in which the services are performed and completed, based on the terms of the contract.

3.8 Expenses

All expenses of the Company are recognised on an accruals basis and are net of amounts recharged between the Company and its related entities.

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.

The Group may compensate employees' absences for various reasons including vacation, sickness, maternity and paternity. There is non-accumulating compensation of absence for all types of leave apart from vacation, for which there is a limited ability to carry unused leave into the next period, 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.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision of £nil (2021: £nil) has been made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

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 Property, plant and equipment

Property, plant and equipment is recognised at cost less accumulated depreciation and accumulated impairment losses.

CoinShares Capital Markets (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3 Significant accounting policies (continued)

3.10 Property, plant and equipment (continued)

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the Statement of Comprehensive Income as incurred.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Furniture and fittings	3 years
Computer equipment	3 years

The residual values, estimated useful lives and depreciation method of fixed assets are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the Statement of Comprehensive Income when the changes arise.

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.

3.11 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.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

- the completion of the project is technically and commercially feasible so that it will be available for use;
- the Company intend to complete the project and use or sell it;
- the Company has the ability to use or sell the project;
- the project will generate probably future economic benefits;
- the Company has sufficient resources to complete the project; and
- the development costs can be measured reliably.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Amortisation is recognised upon completion of the project on which the capitalised expenditure has been incurred. Amortisation is provided on the following basis:

Capitalised development costs	3 years
-------------------------------	---------

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

3.12 Impairment of non-financial assets

Property, plant and equipment is 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.

3 Significant accounting policies (continued)

3.12 Impairment of non-financial assets (continued)

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.

3.13 Trade and other receivables

Trade receivables are non interest-bearing and are recognised initially at fair value (transaction price), and subsequently amortised at cost using the effective interest rate method, less provision for impairment.

Loans to related entities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

All trade and other receivables are currently repayable on demand and held at transaction price.

3.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade payables are non interest-bearing and are recognised initially at fair value (transaction price) and subsequently measured at amortised cost using the effective interest method.

3.15 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 taxation charge is based on the profit for the year as adjusted for tax purposes. The standard income tax rate is 19% (2021: 19%).

The UK Government has enacted an increase in the UK corporation tax rate to 25% from 1 April 2023.

3.16 Share capital

Ordinary and redeemable 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 Capital Markets (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

4 Revenue

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Information and technology consultancy fees	2,266,441	3,489,360
Management fees	1,843,984	696,897
Other revenue	2,238	-
	4,112,663	4,186,257

The Company generated income from Information and technology consultancy and development services provided to its fellow subsidiary CoinShares Capital Markets (Jersey) Limited ('CSCMJL').

The Company earned management fees from Invesco Investment Management Limited ('Invesco UK') and Invesco Asset Management (Japan) Limited ('Invesco Japan') under the terms of agreements entered into on 22 September 2021 and 5 November 2021 respectively.

5 Administration expenses by nature

Included within administration expenses of £2,321,919 (2021: £1,688,720) (see page 24) are the following amounts:

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Amortisation of intangibles	320	-
Depreciation of tangible fixed assets	10,783	7,301
Interest expense	73	-
(Gain)/loss on foreign exchange	(14,255)	610
Revaluation gain on foreign exchange	(59,347)	(17,342)
Salaries (i)	1,990,758	1,620,847
Fees payable for the audit of the Company's annual accounts	12,450	18,000

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

For the year ended 31 December 2022 a total of £nil (2021: £142,214) was recharged to the Group from the Company.

6 Staff and directors

Staff costs during the year were as follows:	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Wages and salaries	1,202,427	1,422,512
Director's remuneration	308,313	-
National insurance costs	305,625	113,811
Other pension costs	15,404	8,681
Other benefits	158,989	75,843
	1,990,758	1,620,847

CoinShares Capital Markets (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

6 Staff and directors (continued)

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

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
Directors	1	0
Staff	13	10
	14	10

7 Taxation

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Corporation tax		
Current tax on profits for the year	328,435	272,636
	328,435	272,636
Deferred tax		
	-	-
Taxation on profit on ordinary activities	328,435	272,636

Factors affecting tax charge for the year

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%) due to the impact of the following items:

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Profit before taxation	1,790,744	2,497,537
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	340,241	474,532
Effects of:		
Prior year tax adjustment	(2,579)	(194,754)
Items not allowable for tax purposes	(9,227)	(1,908)
Capital allowances	-	(5,234)
Total tax charge for the year	328,435	272,636

The standard rate of corporation tax in the UK is set to increase to 25% from 1 April 2023 onwards.

CoinShares Capital Markets (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

8 Property, plant and equipment

	Computer equipment £	Furniture & fittings £	Total £
Cost			
At 1 January 2022	35,236	1,451	36,687
At 31 December 2022	35,236	1,451	36,687
Accumulated depreciation			
At 1 January 2022	9,195	549	9,744
Charge for the year	10,388	395	10,783
At 31 December 2022	19,583	944	20,527
Net book value			
At 31 December 2022	15,653	507	16,160
At 31 December 2021	26,041	902	26,943

9 Intangible assets

	Capitalised development costs £	Total £
Cost		
At 1 January 2022	23,076	23,076
Additions	100,507	100,507
At 31 December 2022	123,583	123,583
Accumulated amortisation		
At 1 January 2022	-	-
Charge for the year	320	320
At 31 December 2022	320	320
Net book value		
At 31 December 2022	123,263	123,263
At 31 December 2021	23,076	23,076

Intangible assets consist primarily of staff costs incurred in the development of software which have met the criteria for capitalisation.

CoinShares Capital Markets (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

10 Trade and other receivables

	31 December 2022 £	31 December 2021 £
Amounts owed by parent company	4,559,893	3,289,010
Amounts owed by Group undertakings	13,971	387,041
Prepayments and sundry debtors	2,952	7,430
VAT receivable	7,258	6,042
Accounts receivable	252,066	443,240
Deposit	440	300
	4,836,580	4,133,063

CoinShares International Limited ('CSIL') is the Company's immediate parent company, following the transfer of ownership on 14 January 2022 from CoinShares Technology Limited ('CSTL') (formerly GABI Capital Limited) who was previously the Company's immediate parent company. Amounts owed by the parent company, of £4,559,893 (2021: £3,289,010) are made up of management fee income due to the Company, net of expenses settled by CSIL or other Group companies on behalf of the Company. These amounts are drawn upon as required to cover the Company's expenses and are repayable on demand, bear interest at 0% and are unsecured. In the opinion of the directors all trade and other receivables are recoverable in full.

11 Cash and cash equivalents

	31 December 2022 £	31 December 2021 £
Cash at bank	17,292	5,395
	17,292	5,395

12 Trade and other payables

	31 December 2022 £	31 December 2021 £
Amounts owed to Group undertakings	-	7,907
Trade payables	298	1,448
Accrued liabilities	211,874	573,931
	212,172	583,286

CoinShares Capital Markets (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

13 Share capital

Shares classified as equity

	Allotted, called-up and fully paid			
	31 December 2022 Number	31 December 2022 £	31 December 2021 Number	31 December 2021 £
Ordinary shares of £1 each	100	100	100	100
	100	100	100	100

The Company is authorised to issue 100 ordinary shares, they confer 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.

14 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
CoinShares (UK) Limited	CSCMUKL	Subsidiary	100%	UK	19/04/2017
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
CoinShares Employment Services (Jersey) Limited	CSESJL	Subsidiary	100%	Jersey	09/08/2018
CoinShares (Jersey) Limited	CSJL	Subsidiary	100%	Jersey	26/09/2018
GABI Trading Limited (Asia)	GTLA	Subsidiary	100%	Hong Kong	12/02/2019
CoinShares Technologies Limited	CSTL	Subsidiary	100%	Jersey	30/06/2019
CoinShares Capital Markets (Jersey) Limited	CSCMJL	Subsidiary	100%	Jersey	30/06/2019
CoinShares Capital, LLC	CS Cap	Subsidiary	100%	USA	18/09/2019
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
CoinShares France	CSF	Subsidiary	100%	France	17/12/2021
CoinShares Asset Management	CSAM	Subsidiary	100%	France	04/07/2022

Following an internal restructuring, Napoleon Asset Management SAS was acquired on 4 July 2022 as a component of the CoinShares France acquisition that occurred at the end of 2021. It was subsequently renamed CoinShares Asset Management on 7 August 2022.

CoinShares Capital Markets (UK) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

14 Related party transactions (continued)

CoinShares (Holdings) Limited ('CSHL') was dissolved on 10 January 2023.

CSTL was dissolved on 11 January 2023.

Elwood Asset Management Services Limited and Elwood Asset Management LLP were dissolved on 28 March 2023.

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

15 Events after the reporting date

The Company became part of a Value-Added Tax ('VAT') group with CoinShares (UK) Limited ('CSUKL') on 8 February 2023.

On 15 February 2023 the Company entered into a Service Level Agreement ('SLA') with CSUKL. As part of the SLA, CSUKL will be remunerated for the provision of staff and office rental to the Company rental by way of an intercompany recharge.

The Company entered into an agreement for the lease of 1st Floor, 3 Lombard Street, London EC3V 9AQ effective 1 August 2023, with a lease term of 5 years. The annual exclusive rent payable is £516,139.50 per annum exclusive of service charge, rates, insurance and VAT with a rent free period of 8 months. The Company relocated to this address on 1 August 2023.

From 1 August 2023 all assets, operations and staff transferred from CSUKL to the Company. The SLA entered into on 15 February 2023 was terminated as at this date.

16 Controlling party

On 14 January 2022 the entire share capital of the Company was transferred to CSIL. CSIL is 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 is CSIL.

Audited financial statements for the ultimate controlling party are available at the Company's website:

www.coinshares.com/investor-relations

Appendix 1: Detailed administration expenses for the year ended 31 December 2022 (unaudited)

	Unaudited 1 January 2022 to 31 December 2022 £	Unaudited 1 January 2021 to 31 December 2021 £
Administration expenses		
Audit and accountancy fees	12,733	21,739
Consultants and contractors	-	10,253
Depreciation	10,783	7,301
Amortisation	320	-
Entertainment	3,737	165
General expenses	140,825	(52,372)
HR related	18,681	38,260
Interest expense	73	-
Legal fees	-	4,746
Marketing	132,139	3,564
Office expenses	38	6
Professional fees	58,902	47,260
(Gain)/loss on foreign exchange	(14,255)	610
Staff salaries	1,990,758	1,620,847
Travel and hotel accommodation	26,532	2,991
Revaluation gain on foreign exchange	(59,347)	(17,342)
Loss on disposal of asset	-	692
	2,321,919	1,688,720