

Tokencard Limited (formerly trading as Monolith)**Registered number:** 10824898**Balance Sheet****as at 30 June 2022**

	Notes	2022 £	2021 £
Fixed assets			
Intangible assets	6	850,405	-
Tangible assets	7	29,264	44,061
		<u>879,669</u>	<u>44,061</u>
Current assets			
Stocks	8	-	635,801
Debtors	9	8,126,597	3,717,919
Cash at bank and in hand		8,263,873	1,247,391
		<u>16,390,470</u>	<u>5,601,111</u>
Creditors: amounts falling due within one year	10	(37,815,975)	(21,445,911)
Net current liabilities		<u>(21,425,505)</u>	<u>(15,844,800)</u>
Total assets less current liabilities		<u>(20,545,836)</u>	<u>(15,800,739)</u>
Net liabilities		<u>(20,545,836)</u>	<u>(15,800,739)</u>
Capital and reserves			
Called up share capital		1	1
Revaluation reserve		16,135	-
Profit and loss account		(20,561,972)	(15,800,740)
Shareholders' funds		<u>(20,545,836)</u>	<u>(15,800,739)</u>

The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Act.

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

The accounts have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies regime. The profit and loss account has not been delivered to the Registrar of Companies.

D Hoggard

Director

Approved by the board on 30 March 2023

Tokencard Limited (formerly trading as Monolith)

Notes to the Accounts

for the year ended 30 June 2022

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (as applied to small entities by section 1A of the standard) and the requirements of the Companies Act 2006 as applicable to the small companies' regime.

Going concern

At 30 June 2022 the company had net liabilities of £20,545,836, including £37,587,077 owed to Monolith Limited, a fellow group undertaking. The company was also owed £2,654,124 by its parent company, Token Group Limited. The directors have received written assurances that Monolith Limited will not seek repayment of the amount owed to them, that they will guarantee the amount owed by Token Group Limited, and maintain the ability and willingness to continue to provide financial support for the company for at least one year from the date of the approving of the financial statements. As such the financial statements have been prepared on a going concern basis.

The directors have considered all available information, including the volatility in cryptocurrency markets, when assessing going concern. While the company is still in its development phase, disruptive technology and alternative finance have shown strong performance with digital adoption in the UK high. The company and group also carefully monitors its cryptocurrency balances to ensure market forces are taken into account when dealing with the treasury function. The directors have considered a number of forecasted outcomes, including a worst case scenario, where expected revenues are not achieved and are confident that the company and group will have sufficient funds to meet its liabilities as they fall due.

Turnover

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

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses.

Digital assets (cryptocurrencies) are now held by the company for funding purposes after the company's principal activity changed as set out in the directors' report. As a result of this change cryptocurrencies were reclassified to intangible assets from stock at cost, and are revalued to fair value at the balance sheet date. The company has access to appropriate liquid markets and has the ability to trade in its own cryptocurrency both to convert to fiat currency and to settle obligations as they fall due. The company uses an open market source to carry out its year end valuations.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Domain names	3	years	straight line
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The estimated useful life of digital assets held for funding within intangible assets is indefinite and therefore no amortisation is charged in the year.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	over 3 years straight line
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Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks relate to cryptocurrencies which were being purchased and sold as part of the ordinary course of the company's business. They are carried at the lower of cost and net realisable value. During the year the company's principal activity changed as set out in the directors' report. Cryptocurrencies held after this change have been reclassified from stock to intangible assets.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial instruments

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Financial instruments are recognised in the Balance Sheet when the company becomes party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transactions costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable 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.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Employment benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is

demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Leased assets

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition - principal versus agent

Until March 2022 the company provided a Visa debit card and Ethereum smart wallet via its platform to allow users to conveniently secure and spend tokens anywhere. The company charged users fees to top-up cards, to make purchases on their cards, to withdraw fiat currency, and for certain other account fees. The directors are of the opinion the revenue generated relates solely to these transactional services which occur at the point of trade. The gross amount of currency that users choose to exchange on the platform is not recognised as revenue.

3 Employees	2022	2021
	Number	Number
Average number of persons (including directors) employed by the company	33	26
4 Directors' remuneration	2022	2021
	£	£
Remuneration paid to directors	262,641	262,726

5 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in administrative expenses in profit or loss:

		2022	2021
		£	£
In respect of	Note		
Stock	8	-	100,574

6 Intangible fixed assets

	Domain names	Digital assets	Total
	£	£	£
Cost/ revalued amount			
At 1 July 2021 - cost	42,241	-	42,241
Additions		8,349,083	8,349,083
Disposals	-	(7,514,813)	(7,514,813)
Revaluation	-	16,135	16,135
At 30 June 2022 - cost /revalued amount	<u>42,241</u>	<u>850,405</u>	<u>892,646</u>
Amortisation and impairment			
At 1 July 2021	<u>42,241</u>	-	<u>42,241</u>
At 30 June 2022	<u>42,241</u>	-	<u>42,241</u>
Net book value			
At 30 June 2022	<u>-</u>	<u>850,405</u>	<u>850,405</u>
At 30 June 2021	<u>-</u>	<u>-</u>	<u>-</u>

During the year the company's principal activity changed as set out in the directors' report. Cryptocurrencies held after this change have been reclassified from stock to intangible assets.

7 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 July 2021	125,066
Additions	11,242
Disposals	(2,509)
At 30 June 2022	<u>133,799</u>
Depreciation	
At 1 July 2021	81,005
Charge for the year	25,203
On disposals	<u>(1,673)</u>

At 30 June 2022		104,535
Net book value		
At 30 June 2022		29,264
At 30 June 2021		44,061
8 Stocks	2022	2021
	£	£
Stock of digital assets	-	635,801
9 Debtors	2022	2021
	£	£
Corporation tax recoverable	1,174,272	1,176,614
Amounts owed by group undertakings and undertakings in which the company has a participating interest	6,703,750	2,497,919
Other debtors	248,575	43,386
	<u>8,126,597</u>	<u>3,717,919</u>
10 Creditors: amounts falling due within one year	2022	2021
	£	£
Trade creditors	126,825	105,793
Amounts owed to group undertakings and undertakings in which the company has a participating interest	37,587,077	21,007,371
Taxation and social security costs	11,002	74,658
Other creditors	91,071	258,089
	<u>37,815,975</u>	<u>21,445,911</u>

11 Related party transactions

Included within other debtors at the year end is a balance of £7,208 (2021: £7,208) due from the directors. This loan is interest free and repayable on demand.

Included in amounts owed by group undertakings and undertakings in which the company has a participating interest at the year end is a balance of £1,395,455 (2021:£10,857) due from Token.com Servicos Digitais Ltda a company in which the parent company Token Group has a participating interest.

The company has taken advantage of exemption available in FRS Section 33.1A not to disclose transactions with any fellow wholly owned group companies.

12 Controlling party

The immediate parent company is Token Group Limited, a company registered in England and Wales. The registered address is One St Peter's Square, Manchester, United Kingdom, M2 3DE. There is no single controlling party.

13 Other information

Tokencard Limited is a private company limited by shares and incorporated in England. Its registered office is:

One St Peter's Square

Manchester

M2 3DE

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