

# CoinShares (UK) Limited

*Audited financial statements for the year ended 31 December 2022*



## **Contents**

	<b>Page</b>
<b>Company Information</b>	<b>3</b>
<b>Directors' Report</b>	<b>4-5</b>
<b>Independent Auditor's Report</b>	<b>6-9</b>
<b>Statement of Comprehensive Income</b>	<b>10</b>
<b>Statement of Financial Position</b>	<b>11</b>
<b>Statement of Changes in Equity</b>	<b>12</b>
<b>Notes to the Financial Statements</b>	<b>13-25</b>
The following pages do not form part of the audited financial statements:	
<b>Appendix 1: Detailed administration expenses (unaudited)</b>	<b>26</b>

## CoinShares (UK) Limited

### Company Information

For the year ended 31 December 2022

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<b>The Company</b>	CoinShares (UK) Limited
<b>Registration number</b>	03269801
<b>Registered Office</b>	1st Floor 3 Lombard Street (from 1 August 2023) London England EC3V 9AQ  82 Baker Street (from 14 January 2022, until 31 July 2023) London England W1U 6TE  Octagon Point (until 13 January 2022) 5 Cheapside St Paul's London EC2V 6AA
<b>Directors</b>	Frank Spiteri Graeme Dickson
<b>Company Secretary</b>	CoinShares Corporate Services (Jersey) Limited
<b>Independent Auditors</b>	MHA 6th Floor 2 London Wall Place London EC2Y 5AU
<b>Bankers</b>	Barclays 13 Library Place St Helier Jersey JE4 8NE
<b>Tax Advisers</b>	Gerald Edelman 73 Cornhill London EC3V 3QQ

# CoinShares (UK) Limited

## Directors' Report

For the year ended 31 December 2022

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

### Incorporation

The Company was incorporated on 28 October 1996 in England and Wales.

### Principal activity

The principal activity of the Company is the provision of services to the wider CoinShares Group (CoinShares International Limited ('CSIL') and its subsidiaries (together, the 'Group')) (see note 15), including digital asset research, marketing and branding services, compliance and risk management services, product design and administrative support.

### Results and dividends

The profit for the year, after taxation, amounted to £472,201 (2021: £3,119,562) 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' Section 1A Small Entities. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of that period, and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors confirm the statements comply with these requirements.

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps he or she ought to have as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## CoinShares (UK) Limited

### Directors' Report (continued)

For the year ended 31 December 2022

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#### Directors and Company Secretary

The directors and company secretary who served during the year and up to the date of this report are listed on page 3.

#### Directors' interest in shares

The directors holding office at the end of the reporting period had no direct interests in the share capital of the Company but did have an interest 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.

It has been decided to merge the Company with CoinShares Capital Markets (UK) Limited ('CSCMUKL'), another Group entity, at which point the Company will be wound-up. All assets, liabilities and contracts of the Company will be transferred to CSCMUK. This is expected to be completed by the end of 2023. For this reason and in accordance with UK accounting standards the directors have prepared the financial statements on the basis that the Company is no longer a going concern. No material adjustments have arisen as a result of ceasing to apply the going concern assumption.

#### Events after the reporting date

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

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

On 4 September 2023 the lease agreement for 82 Baker Street, London W1U 6TE was terminated. The office relocated to its new address on 1 August 2023.

#### 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:



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CoinShares Corporate Services (Jersey) Limited  
Company Secretary

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**COINSHARES (UK) LIMITED**

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

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**Opinion**

We have audited the financial statements of CoinShares (UK) Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

**Emphasis of matter - financial statements prepared on a basis other than going concern**

We draw attention to note 3.2 in the financial statements which explains that the directors intend to merge the company with CoinShares Capital Markets (UK) Limited and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 3.2. Our opinion is not modified in respect of this matter.

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's 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.

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**COINSHARES (UK) LIMITED**

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

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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.

**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.

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## COINSHARES (UK) LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COINSHARES UK LIMITED

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.



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**COINSHARES (UK) LIMITED**

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

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**Use of our report**

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



John Coverdale BSc FCA (Senior Statutory Auditor)  
for and on behalf of  
**MHA**  
Statutory Auditor  
London, United Kingdom  
Date: 22 September 2023

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

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

For the year ended 31 December 2022

		<b>1 January 2022 to 31 December 2022</b>	<b>1 January 2021 to 31 December 2021</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Revenue	4	<b>4,846,417</b>	11,001,752
Other income	5	-	102,925
<b>Gross profit</b>		<b>4,846,417</b>	11,104,677
Administrative expenses	6	<b>(4,327,264)</b>	(7,784,552)
<b>Operating profit</b>		<b>519,153</b>	3,320,125
<b>Profit before taxation</b>		<b>519,153</b>	3,320,125
Taxation	8	<b>(46,952)</b>	(200,563)
<b>Profit for the year</b>		<b>472,201</b>	3,119,562
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<b>472,201</b>	3,119,562

All items dealt with in arriving at the result for 2022 and 2021 relate to continuing operations, except as disclosed in note 5.

*The above should be read in conjunction with the accompanying notes on pages 13 to 25 which form an integral part of these financial statements.*

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

As at 31 December 2022

		As at 31 December 2022 £	As at 31 December 2021 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	229,983	139,171
Intangible assets	10	189,987	58,769
		<b>419,970</b>	<b>197,940</b>
<b>Current assets</b>			
Trade and other receivables	11	4,694,649	6,639,527
Cash and cash equivalents		24,941	107,928
		<b>4,719,590</b>	<b>6,747,455</b>
<b>Total assets</b>		<b>5,139,560</b>	<b>6,945,395</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	(407,200)	(2,685,236)
<b>Total liabilities</b>		<b>(407,200)</b>	<b>(2,685,236)</b>
<b>Net assets</b>		<b>4,732,360</b>	<b>4,260,159</b>
<b>EQUITY</b>			
Share capital	14	4,317,525	4,317,525
Retained earnings		414,835	(57,366)
<b>Total equity</b>		<b>4,732,360</b>	<b>4,260,159</b>

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 25 were approved and authorised for issue by the Board of Directors of the Company and signed on its behalf by:

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**Graeme Dickson****Director**

Date: 22 September 2023

*The above should be read in conjunction with the accompanying notes on pages 13 to 25 which form an integral part of these financial statements.*

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

For the year ended 31 December 2022

	Share capital £	Retained earnings £	Total equity £
<b>At 1 January 2021</b>	<b>4,317,525</b>	<b>(3,176,928)</b>	<b>1,140,597</b>
Profit for the year	-	3,119,562	3,119,562
<b>Total comprehensive income</b>	<b>-</b>	<b>3,119,562</b>	<b>3,119,562</b>
<b>At 31 December 2021</b>	<b>4,317,525</b>	<b>(57,366)</b>	<b>4,260,159</b>
<b>At 1 January 2022</b>	<b>4,317,525</b>	<b>(57,366)</b>	<b>4,260,159</b>
Profit for the year	-	472,201	472,201
<b>Total comprehensive income</b>	<b>-</b>	<b>472,201</b>	<b>472,201</b>
<b>At 31 December 2022</b>	<b>4,317,525</b>	<b>414,835</b>	<b>4,732,360</b>

*The above should be read in conjunction with the accompanying notes on pages 13 to 25 which form an integral part of these financial statements.*

# CoinShares (UK) Limited

## Notes to the Financial Statements

For the year ended 31 December 2022

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

### 1 General information

CoinShares (UK) Limited (the 'Company') operates in the United Kingdom. The principal activity of the Company is the provision of services to the wider CoinShares Group, including digital asset research, marketing and branding services, compliance and risk management services, product design and administrative support. The Company is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is 1st Floor 3 Lombard Street, London, England, EC3V 9AQ and its company registration number is 03269801.

### 2 Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', Section 1A Small Entities ('FRS 102 1A') and the Companies Act 2006. There were no material departures from FRS 102 1A.

### 3 Significant accounting policies

#### 3.1 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with FRS 102 1A and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3.6).

The following principal accounting policies have been applied:

#### 3.2 Going concern basis

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

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

It has been decided to merge the Company with CoinShares Capital Markets (UK) Limited ('CSCMUKL'), another Group entity, at which point the Company will be wound-up. All assets, liabilities and contracts of the Company will be transferred to CSCMUK. This is expected to be completed by the end of 2023. For this reason and in accordance with UK accounting standards the directors have prepared the financial statements on the basis that the Company is no longer a going concern. No material adjustments have arisen as a result of ceasing to apply the going concern assumption.

#### 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:

## CoinShares (UK) Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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#### 3 Significant accounting policies (continued)

##### 3.3 Exemptions for qualifying entities under FRS 102 (continued)

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

##### 3.4 Changes in accounting policies

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

##### 3.5 Foreign currency translation

###### Functional and presentation currency

The company's functional and presentation currency is the Pound Sterling (£). All values are rounded to the nearest pound, except when otherwise indicated.

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

##### 3.6 Judgements and sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions in applying the Company's accounting policies to determine the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The following are considered to be sources of judgement and estimate:

###### Estimates

(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.

**3 Significant accounting policies (continued)**

**3.6 Judgements and sources of estimation uncertainty (continued)**

**Estimates (continued)**

(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.

**3.7 Revenue recognition**

Revenue is recognised by the Company in respect of the goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The Company recognises revenue when (a) the amount of revenue can be measured reliably; (b) it is probable that the Company will receive the consideration due under the contract; (c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**Sale of services**

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

**3.8 Taxation**

Current tax is recognised as the amount expected to be paid to or recovered from the tax authorities, using tax rates enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Current tax is recognised as income or expense in the Statement of Comprehensive Income, except to the extent that the tax arises from a transaction which is recognised directly in equity.

The charge for taxation is based on the tax adjusted profit/(loss). The standard rate is 19% (2021: 19%).

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

**3.9 Employee benefits**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset (see note 3.12).

## CoinShares (UK) Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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#### 3 Significant accounting policies (continued)

##### 3.9 Employee benefits (continued)

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

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 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

##### 3.11 Property, plant and equipment

Property, plant and equipment under the cost model is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged on the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	33% Straight line
Computer equipment	33% Straight line

The assets' residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income in the period of disposal.



**3 Significant accounting policies (continued)**

**3.12 Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

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:

Trademarks	10% Straight line
Licenses	10% Straight line
Capitalised development costs	33% Straight line

Useful lives of intangible assets are based on an estimate of the number of years the asset is considered useable. 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.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss.

**3.13 Impairment of non-financial assets**

Property, plant and equipment and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of value in use and fair value less costs of disposal. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the income statement.

## CoinShares (UK) Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2022

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#### 3 Significant accounting policies (continued)

##### 3.14 Basic financial instruments

###### Basic financial assets

Short-term basic financial assets are measured at the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the financial asset and are recognised in profit and loss.

Financial assets, or a part thereof, are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity. When there is no reasonable expectation of recovering a financial asset it is derecognised. The gain or loss on derecognition is recognised in the profit and loss.

###### Basic financial liabilities

Short-term basic financial liabilities are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial liabilities (or part thereof) are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

##### 3.15 Operating leases: the company as lessee

Management exercises judgements in determining the classification of leases as finance or operating leases at inception of the lease. Management considers the likelihood of exercising break clauses or extension options in determining the lease term. Where the lease term constitutes substantially all of the economic life of the asset, or where the present value of minimum lease payments amount to substantially all of the fair value of the property, the lease is classified as a finance lease. All other leases are classified as operating leases.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Operating lease payments (net of any incentives received by the lessor) are recognised in the Statement of Comprehensive Income as an expense on a straight-line basis over the period of the lease. Associated costs such as maintenance and insurance are expensed as incurred.

##### 3.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## CoinShares (UK) Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2022

#### 4 Revenue

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Revenue	4,846,417	11,001,752
	<b>4,846,417</b>	<b>11,001,752</b>

The Company generates income from a variety of services provided to CoinShares Capital Markets (Jersey) Limited ('CSCMJL'), a related party. The services provided to CSCMJL include the provision of personnel along with various administrative and technical services relating primarily to marketing and sales.

#### 5 Other Income

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Placement fees	-	102,925
	<b>-</b>	<b>102,925</b>

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

#### 6 Administration expenses by nature

Included within administration expenses of £4,327,264 (2021: £7,784,552) (see page 26) are the following amounts:

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Fees payable for the audit of the Company's annual accounts	12,450	14,803
Depreciation of tangible assets	101,024	21,517
Amortisation on intangible assets	6,968	1,078
Staff costs	2,465,890	3,339,424
Director remuneration	3,653	3,095,809
Rent	1,247,175	429,927
Office expenses	67,646	9,954
Realised loss on foreign exchange	3,260	6,078
Unrealised gain on foreign exchange	(154,245)	(81,271)
Marketing expenses	134,534	651,905

## CoinShares (UK) Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2022

#### 7 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	1,650,851	2,766,428
National insurance costs	483,363	345,100
Other pension costs	23,827	18,922
Other benefits	307,849	208,974
	<b>2,465,890</b>	<b>3,339,424</b>

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	2	2
Staff	21	18
	<b>23</b>	<b>20</b>

Remuneration in respect of directors was as follows:

	1 January 2022 to 31 December 2022	1 January 2021 to 31 December 2021
	£	£
Remuneration (i)	(232,645)	2,210,656
Other benefits	236,298	885,153
	<b>3,653</b>	<b>3,095,809</b>

(i) Director remuneration relates primarily to a reversal of director bonuses for the previous year. Director bonuses for the year totalled £652,645 (2021: expense of £1,786,906).

## CoinShares (UK) Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2022

#### 8 Taxation

##### Factors affecting tax charge for the year

The tax assessed for the year is lower than (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 on ordinary activities before tax	519,153	3,320,125
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	98,639	630,824
Effects of:		
Prior year adjustment	(7,849)	-
Brought forward losses	-	(394,011)
Items not allowable for tax purposes	(7,390)	(9,452)
Capital allowances	(36,448)	(26,798)
<b>Total tax charge for the year</b>	<b>46,952</b>	<b>200,563</b>

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

#### 9 Property, plant and equipment

	Computer Equipment £	Furniture & Fittings £	Total £
<b>Cost</b>			
At 1 January 2022	147,188	87,401	234,589
Additions	57,240	134,596	191,836
At 31 December 2022	204,428	221,997	426,425
<b>Accumulated depreciation</b>			
At 1 January 2022	47,842	47,576	95,418
Charge for the year	53,621	47,403	101,024
At 31 December 2022	101,463	94,979	196,442
<b>Net book value</b>			
At 31 December 2022	102,965	127,018	229,983
At 31 December 2021	99,346	39,825	139,171

# CoinShares (UK) Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 10 Intangible assets

	Trademarks £	Licenses £	Capitalised development costs £	Total £
<b>Cost</b>				
At 1 January 2022	9,398	8,480	43,176	61,054
Additions	-	5,507	137,528	143,035
Disposals	(7,419)	-	-	(7,419)
At 31 December 2022	1,979	13,987	180,704	196,670
<b>Accumulated amortisation</b>				
At 1 January 2022	2,189	96	-	2,285
Charge for the year	895	1,353	4,720	6,968
Disposals	(2,570)	-	-	(2,570)
At 31 December 2022	514	1,449	4,720	6,683
<b>Net book value</b>				
At 31 December 2022	1,465	12,538	175,984	189,987
At 31 December 2021	7,209	8,384	43,176	58,769

### 11 Trade and other receivables

	31 December 2022 £	31 December 2021 £
Deposit	-	103,760
Prepayments	19,938	6,059
Amounts owed by group undertakings	4,581,410	6,437,804
VAT Receivable	93,117	66,676
Accounts receivable	184	25,228
	<b>4,694,649</b>	<b>6,639,527</b>

CoinShares International Limited ('CSIL') is the Company's immediate parent company, following the transfer of ownership on 10 January 2022 from CoinShares (Holdings) Limited ('CSHL'), who was previously the Company's immediate parent Company. Amounts owed by group undertakings is the balance receivable from CSIL. The balance is unsecured, interest-free and repayable on demand.

# CoinShares (UK) Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2022

### 12 Trade and other payables

	31 December 2022 £	31 December 2021 £
Trade payables	8,806	16,906
Accruals	329,623	2,467,767
Provision for corporation tax	54,800	200,563
Amounts owed to group undertakings	13,971	-
	<b>407,200</b>	<b>2,685,236</b>

### 13 Commitments

*Operating leasing commitments - where the Company is a lessee*

As at 31 December 2022 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2022 £	31 December 2021 £
Not later than one year	1,345,916	-
Later than one year and not later than two years	-	-
Later than two years and not later than five years	-	-
	<b>1,345,916</b>	<b>-</b>

Future minimum payments on the current leases total £1,345,916 (2021: £nil).

On 18 January 2022 the Company entered into an agreement with Brevan Howard Asset Management LLP for the underlease of 82 Baker Street, London, W1U 6TE. The lease term is two years, commencing on 1 January 2022 to 31 December 2023. Total rent per annum of £788,647 comprises rent of £705,525, rentalised works of £83,122, service charges of £347,197, rates of £206,379 and additional insurance charges of £3,694. The agreement was terminated early on 4 September 2023 (see note 16).

### 14 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	4,317,525	4,317,525	4,317,525	4,317,525
	<b>4,317,525</b>	<b>4,317,525</b>	<b>4,317,525</b>	<b>4,317,525</b>

The Company is authorised to issue 1 ordinary share, it confers on the holder the right to receive dividends at the Company's discretion. At the Company's discretion there is a return of assets, ordinary shares confer on the holders thereof the rights in respect of the assets of the Company available for distribution among the Shareholders. Ordinary shares issued and allotted are accounted for as equity.

## CoinShares (UK) Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2022

#### 15 Related party transactions

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

Name	Defined as	Investee Relationship	CSIL's Ownership %	Jurisdiction	Date of Acquisition
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	CSSESJL	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 Markets (UK) Limited	CSCMUKL	Subsidiary	100%	UK	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.

CSHL was dissolved on 10 January 2023.

CoinShares Technologies Limited (formerly GABI Capital Limited) ('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.



## **CoinShares (UK) Limited**

### **Notes to the Financial Statements (continued)**

For the year ended 31 December 2022

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#### **16 Events after the reporting date**

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

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

On 4 September 2023 the lease agreement for 82 Baker Street, London W1U 6TE was terminated. The office relocated to its new address on 1 August 2023.

#### **17 Controlling party**

On 10 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](http://www.coinshares.com/investor-relations)

## CoinShares (UK) Limited

### 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 £
<b>Administration expenses</b>		
Accountancy fees	5,469	5,997
Audit fees	12,450	14,803
Depreciation	101,024	21,517
Amortisation	6,968	1,078
Directors' remuneration	3,653	3,095,809
Entertainment	20,704	19,525
General business expenses	49,245	27,342
HR related	93,665	71,931
Legal fees	48,792	64,688
Marketing	134,534	651,905
Market Data	72,160	37,122
Office expenses	67,646	9,954
Professional fees	64,186	28,116
Realised loss on foreign exchange	3,260	6,078
Regulatory expenses	173	254
Rent	1,247,175	429,927
Sales Team Costs	2,360	-
Staff costs	2,465,890	3,339,424
Travel and hotel accommodation	82,155	40,353
Unrealised gain on foreign exchange	(154,245)	(81,271)
	<b>4,327,264</b>	<b>7,784,552</b>