

Registered number: 11434241

**CHAINALYSIS UK LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**



**CHAINALYSIS UK LIMITED**  
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## **CHAINALYSIS UK LIMITED**

### **COMPANY INFORMATION**

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**Director** J Levin

**Registered number** 11434241

**Registered office** 152 Coles Green Road  
London  
NW2 7HD

**Independent auditor** Blick Rothenberg Audit LLP  
Chartered Accountants & Statutory Auditor  
16 Great Queen Street  
Covent Garden  
London  
WC2B 5AH

**CHAINALYSIS UK LIMITED****BALANCE SHEET  
AS AT 31 DECEMBER 2020**

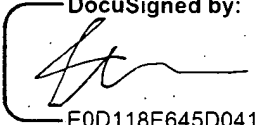
	Note	2020 £	As restated 2019 £
<b>Fixed assets</b>			
Tangible assets	4	37,109	42,245
		<u>37,109</u>	<u>42,245</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	5	931,235	921,294
Cash at bank and in hand		240,776	63,240
		<u>1,172,011</u>	<u>984,534</u>
Creditors: amounts falling due within one year	6	(497,777)	(424,056)
<b>Net current assets</b>		<u>674,234</u>	<u>560,478</u>
<b>Total assets less current liabilities</b>		<u>711,343</u>	<u>602,723</u>
<b>Net assets</b>		<u>711,343</u>	<u>602,723</u>
<b>Capital and reserves</b>			
Called up share capital	7	1	1
Profit and loss account		711,342	602,722
<b>Total equity</b>		<u>711,343</u>	<u>602,723</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with Section 1A of the Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved, authorised and signed by the sole director.

DocuSigned by:  
  
**J Levin**  
 Director E0D118E645D041D...

Date: 11/22/2021

The notes on pages 3 to 10 form part of these financial statements.

## **CHAINALYSIS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **1. General information**

Chainalysis UK Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is 152 Coles Green Road, London, NW2 7HD.

The financial statements are presented in Sterling (£).

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

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

The following principal accounting policies have been applied:

##### **2.2 Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. The company has received a letter of financial support from its parent company. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

##### **2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Rendering of services**

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

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

## **CHAINALYSIS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.4 Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

Fixtures and fittings	-	20%
Computer equipment	-	33%

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

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

##### **2.5 Financial instruments**

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

##### **Financial assets**

Basic financial assets, including trade and other debtors, cash and bank balances and intercompany working capital balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

## **CHAINALYSIS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **Financial instruments (continued)**

##### **Financial liabilities**

Basic financial liabilities, including trade and other creditors and loans from fellow group companies 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

##### **Impairment of financial assets**

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

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

##### **Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

## **CHAINALYSIS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.6 Operating leases: the company as lessee**

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

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

##### **2.7 Cash at bank and in hand**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

##### **2.8 Share capital**

Ordinary shares are classified as equity.

##### **2.9 Foreign currency translation**

###### **Functional and presentation currency**

The company's functional and presentational currency is Sterling (£).

###### **Transactions and balances**

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

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

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

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

##### **2.10 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.



## **CHAINALYSIS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.11 Pensions**

###### **Defined contribution pension plan**

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

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

##### **2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

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

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### **3. Employees**

The average monthly number of employees, including directors, during the year was 25 (2019 - 17).

**CHAINALYSIS UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****4. Tangible fixed assets**

	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2020	<b>16,099</b>	<b>41,143</b>	<b>57,242</b>
Additions	<b>-</b>	<b>13,874</b>	<b>13,874</b>
At 31 December 2020	<b>16,099</b>	<b>55,017</b>	<b>71,116</b>
<b>Depreciation</b>			
At 1 January 2020	<b>6,601</b>	<b>8,396</b>	<b>14,997</b>
Charge for the year	<b>2,900</b>	<b>16,110</b>	<b>19,010</b>
At 31 December 2020	<b>9,501</b>	<b>24,506</b>	<b>34,007</b>
<b>Net book value</b>			
At 31 December 2020	<b>6,598</b>	<b>30,511</b>	<b>37,109</b>
At 31 December 2019	<b>9,498</b>	<b>32,747</b>	<b>42,245</b>

**5. Debtors**

	<b>2020 £</b>	<b>As restated 2019 £</b>
Trade debtors	<b>2,453</b>	-
Amounts owed by group undertakings	<b>733,699</b>	714,037
Other debtors	<b>93,671</b>	70,692
Called up share capital not paid	<b>1</b>	1
Prepayments and accrued income	<b>101,411</b>	136,564
	<b>931,235</b>	921,294

# CHAINALYSIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 6. Creditors: Amounts falling due within one year

	2020	As restated 2019
	£	£
Trade creditors	23,065	35,825
Corporation tax	28,556	137,889
Other taxation and social security	126,778	79,938
Other creditors	13,893	6,972
Accruals and deferred income	305,485	163,432
	<u>497,777</u>	<u>424,056</u>

#### 7. Share capital

	2020	2019
	£	£
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
1 (2019 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

#### 8. Prior year adjustment

Subsequent to the approval of the prior year financial statements the directors identified that commissions payable were under accrued at 31 December 2019 by £72,158. Therefore accruals have been restated by this amount with a corresponding increase in administrative expenses. Under the transfer pricing agreement with the parent company a cost plus adjustment has also been recognised as a result of this error which has the impact of increasing sales and amounts due from group undertakings by £75,208. The overall impact on the the previously reported profit for the prior year is an increase of £3,050 and an increase in previously reported retained earnings by the same amount.

#### 9. Commitments under operating leases

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

	2020	2019
	£	£
Not later than 1 year	<u>20,734</u>	<u>163,363</u>

## **CHAINALYSIS UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **10. Related party transactions**

The company has taken advantage of the exemption in FRS 102 not to disclose transactions entered between members of the group where subsidiaries, party to the transaction, are wholly owned members of the group.

#### **11. Ultimate controlling party**

The parent company of the smallest group for which consolidated financial statements are drawn up is Chainalysis Inc. The corporation's registered office and principal place of business is 228 Park Avenue South, New York, USA.

#### **12. Auditor's information**

The auditor's report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed by David Hough (senior statutory auditor) on behalf of Blick Rothenberg Audit LLP.