

CoinShares (Jersey) Limited

Unaudited financial statements for the period ended 30 June 2019

CoinShares (Jersey) Limited

Audited financial statements

For the financial period ended 30 June 2019

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CoinShares (Jersey) Limited

Company Information

For the financial period ended 30 June 2019

The Company	CoinShares (Jersey) Limited
Registered number	102184
Registered Office	3rd Floor 2 Hill Street St Helier Jersey JE2 4UA
Directors	Carsten Koppen (non-executive; appointed 4 December 2018) Jean-Marie Mognetti Russell Newton Daniel Masters (resigned 18 September 2018) Dwayne Drexler (non-executive; resigned 4 December 2018) Simon Harman (resigned 25 January 2018)
Company Secretary	Jeri-Lea Brown (appointed 7 June 2018) Simon Allen (resigned 7 June 2018)

CoinShares (Jersey) Limited

Directors' Report

For the financial period ended 30 June 2019

The directors present their report and the financial statements of CoinShares (Jersey) Limited (formerly Global Advisors (Jersey) Limited) (the 'Company') for the period ended 30 June 2019.

Incorporation

The Company is incorporated and domiciled in Jersey, Channel Islands.

Principal activity

The principal activity of the Company is the provision of investment management and advisory services. The Company is regulated by the Jersey Financial Services Commission under the Financial Services (Jersey) Law 1998 in the conduct of its fund service business and investment business activities.

Results and dividends

The profit for the period, after taxation, amounted to £1,456,769 (2018: £1,962,235).

The directors do not recommend the payment of a dividend (2018: £nil).

Statement of Directors' responsibilities

The directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable laws and regulations.

The Companies (Jersey) Law 1991 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 (Jersey) Law 1991 and the Financial Services (Jersey) Law 1998. 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 (Jersey) Limited

Directors' Report (continued)

For the financial period ended 30 June 2019

Directors

Carsten Koppen (non-executive; appointed 4 December 2018)

Jean-Marc Mognetti

Russell Newton

Daniel Masters (resigned 18 September 2018)

Dwayne Drexler (non-executive; resigned 4 December 2018)

Simon Harman (resigned 25 January 2018)

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 in the ultimate parent company, Global Advisors (Holdings) Limited ('GAHL'), at the beginning and at the end of the reporting period, except for Carsten Koppen who acts in a non-executive capacity.

Going concern

The Company has net assets of £6,881,231 (2018: £5,424,462), at the end of the reporting period. The directors have prepared these financial statements on a going concern basis on the premise that the Company's main source of income will continue to arise through net management fee income received from certificates issued by XBT Provider AB (publ) ('XBTP').

The Company provides a guarantee in respect of certificates issued by XBTP. The obligations arising on XBTP from the certificates are managed by GABI Trading Limited ('GTL'), which hedges the exposure of these liabilities. The directors believe the Company is sufficiently protected against the guarantee with the existence of controls, hedging and over collateralisation and hence have not accrued a provision under this guarantee.

Events after the reporting date

There have been no significant events since the reporting date.

Company Secretary

Simon Allen served as company secretary for the period 7 August 2017 to 6 June 2018 and was replaced by Jeri-Lea Brown on 7 June 2018. Jeri-Lea Brown remained company secretary on the date of signing these financial statements.

The report was approved by the board on 22 July 2019 and signed on its behalf


.....
Carsten Koppen
Director

CoinShares (Jersey) Limited

Statement of Comprehensive Income

For the financial period ended 30 June 2019

	Note	30 June 2019 £	31 December 2018 £
Revenue	3	4,060,889	10,308,482
Gross profit		4,060,889	10,308,482
Amounts settled on behalf of GABI Limited	15	(316)	(51,115)
Administration expenses	4	(2,443,321)	(8,089,977)
Other operating income		-	12,000
Operating profit		1,617,252	2,179,390
Loss on disposal of investments	8	-	(1)
Finance income		1,415	7,784
Profit before taxation		1,618,667	2,187,173
Taxation on profit	6	(161,898)	(224,938)
Profit for the financial year period / year		1,456,769	1,962,235
Other comprehensive income for the period / year		-	-
Total comprehensive income for the period / year		1,456,769	1,962,235

The above should be read in conjunction with the accompanying notes on pages 8 to 20 which form an integral part of these financial statements.

CoinShares (Jersey) Limited

Statement of Financial Position

As at 30 June 2019

		30 June 2019	31 December 2018
	Note	£	£
ASSETS			
Non-current assets			
Property, plant and equipment	7	25,198	33,736
		<u>25,198</u>	<u>33,736</u>
Current assets			
Trade and other receivables	10	6,395,010	3,226,600
Amounts due from broker	11	1,678,999	5,351,548
Cash at bank	11	260,378	1,307,210
		<u>8,334,387</u>	<u>9,885,358</u>
Total assets		<u>8,359,585</u>	<u>9,919,094</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	1,264,840	620,741
Amounts due to broker	11	44,553	3,648,828
Current tax liabilities	6	168,961	225,063
Total liabilities		<u>1,478,354</u>	<u>4,494,632</u>
NET ASSETS		<u>6,881,231</u>	<u>5,424,462</u>
EQUITY			
Share capital	13	2,108,526	2,108,526
Share premium	14	96,863	96,863
Retained earnings	17	4,675,842	3,219,073
Total equity		<u>6,881,231</u>	<u>5,424,462</u>

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



Carsten Koppen
Director

Date: 22 July 2019

The above should be read in conjunction with the accompanying notes on pages 8 to 20 which form an integral part of these financial statements

CoinShares (Jersey) Limited

Statement of Changes in Equity

For the financial period ended 30 June 2019

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2018	3,300,001	96,863	1,256,838	4,653,702
Profit for the financial year	-	-	1,962,235	1,962,235
Total comprehensive income	-	-	1,962,235	1,962,235
Shares redeemed during the year	(1,191,475)	-	-	(1,191,475)
At 31 December 2018	2,108,526	96,863	3,219,073	5,424,462
At 1 January 2019	2,108,526	96,863	3,219,073	5,424,462
Profit for the financial period	-	-	1,456,769	1,456,769
Total comprehensive income	-	-	1,456,769	1,456,769
At 30 June 2019	2,108,526	96,863	4,675,842	6,881,231

The above should be read in conjunction with the accompanying notes on pages 8 to 20 which form an integral part of these financial statements.

CoinShares (Jersey) Limited

Statement of Cash Flows

For the financial period ended 30 June 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the financial period / year		1,456,769	1,962,235
Adjustments for:			
- Income tax expense	6	161,898	224,938
- Depreciation	4	8,538	17,154
- Interest expense		29,708	16,219
- Finance income		(1,415)	(7,784)
- Loss on disposal of investments	8	-	1
- Revaluation gain on foreign exchange		(66,999)	(23,694)
		1,588,499	2,189,069
Change in working capital:			
- Trade and other receivables		(3,071,664)	1,948,752
- Trade and other payables		578,938	(1,552,699)
Cash generated from operations		(904,227)	2,585,122
Interest paid		(40,475)	(5,452)
Taxation paid		(218,000)	(164,000)
Net cash flow (used in) / provided by operating activities		(1,162,702)	2,415,670
Cash flows from investing activities			
Interest received		1,415	6,680
Net cash provided by investing activities		1,415	6,680
Cash flows from financing activities			
Issue of ordinary shares	13	-	1
Issue of redeemable shares	13	-	863,120
Redemption of redeemable shares	13	-	(1,191,475)
Net cash used in financing activities		-	(328,354)
Net (decrease) / increase in cash and cash equivalents		(1,161,287)	2,093,996
Cash and cash equivalents at the beginning of financial year		3,009,930	827,063
Effects of currency translation on cash and cash equivalents		46,181	88,871
Cash and cash equivalents at the end of financial period / year	11	1,894,824	3,009,930

The above should be read in conjunction with the accompanying notes on pages 8 to 20 which form an integral part of these financial statements.

CoinShares (Jersey) Limited

Notes to the Financial Statements

For the financial period ended 30 June 2019

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

1 General information

The Company operates in Jersey, Channel Islands. The principal activity of the Company is the provision of investment management and advisory services to fellow group companies. The main source of income will continue to arise through net management fee income from certificates issued by XBTP.

The Company is a private company limited by shares and is incorporated and domiciled in Jersey. The address of its registered office is 3rd Floor, 2 Hill Street, St Helier, Jersey JE2 4UA.

2 Significant accounting policies

2.1 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies (Jersey) Law 1991, as well as the Financial Services (Trust Company and Investment Business (Accounts, Audits and Reports)) (Jersey) Order 2007 and the Financial Services (Funds Services Business (Accounts, Audits and Reports)) (Jersey) Order 2007.

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 2.5).

The following principal accounting policies have been applied:

2.2 Going concern basis

The directors have prepared these financial statements on a going concern basis on the understanding that the Company's main source of income will continue to arise through net management fee income received from certificates issued by XBTP.

2.3 Changes in accounting policies

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

2.4 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.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

2 Significant accounting policies (continued)

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.

2.5 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:-

- (i) 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.
- (ii) Impairment of receivables: the Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, the directors consider factors including the current credit rating of the counterparty, the ageing profile and historical experience.
- (iii) Classification of redeemable shares: redeemable shares are considered to be equity by the directors, as redemption rights are strictly at the discretion of the Company.
- (iv) Recognition of revenue: revenue is accrued daily on tracker certificates in order to match the provision of services. This is in line with the recognition of the associated marketing and branding services and collateral management services.
- (v) Allocation of group expenditure: expenditure is recharged to the company by fellow group companies and by the Company to fellow group companies based on the directors' assessment of staff time spent and/or usage of resources.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

2 Significant accounting policies (continued)

2.6 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 significant risks and rewards of ownership have been transferred to the customer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity.

Sale of services

The Company sells investment management and advisory services. Revenue is recognised in the accounting period in which the services are rendered and the revenue can be measured reliably, based on the terms of the contract.

2.7 Expenses

All expenses of the Company are recognised on an accruals basis and are inclusive of amounts recharged to or from the Company by CoinShares (Holdings) Limited ('CSHL'), GAHL and fellow group subsidiaries.

2.8 Employee compensation

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 Company had no employees at 31 December 2018 or subsequently. Employee compensation is recharged to the Company by the group in accordance with the terms agreed by them, this creates a constructive obligation to pay the group for employee entitlements and compensation in proportion to the amounts recharged.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision of £nil (2018: £5,440) has been made for the estimated liability for leave as a result of services rendered by employees up to the reporting date, which is recognised within the loan receivable from CSHL.

The group 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 if it is not used in full, therefore the group does not recognise a liability or expense until the time of absence.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

2 Significant accounting policies (continued)

2.9 Property, plant and equipment

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

Subsequent expenditure relating to PPE 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
Office 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.

2.10 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.

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.

2.11 Investments

Investments in associates are held at cost plus post-acquisition changes less any impairment in value.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

2 Significant accounting policies (continued)

2.12 Cash and cash equivalents

Cash and cash equivalents consists of balances with banks and amounts due from/to broker. Both are classified as basic financial assets with a maturity of three months or less.

Amounts due from/to broker represent cash receivable from/payable to Interactive Brokers.

Cash deposits with financial institutions are repayable without penalty on notice of not more than 24 hours.

2.13 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.

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

2.14 Loans and receivables

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

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

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial period 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.

2.16 Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

2 Significant accounting policies (continued)

2.17 Operating leases: the Company as a 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.

The rental expense for the period totals £87,448 (2018: £70,629) including amounts recharged by the group. Future minimum payments on the current leases total £nil (2018: £nil).

2.18 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 period as adjusted for tax purposes. The standard income tax rate in Jersey for financial services is 10% (2017: 10%).

2.19 Finance income

Finance income is recognised in the Statement of Comprehensive Income in the period to which it relates to using the effective interest rate method.

2.20 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.

3 Revenue

	2019	2018
	£	£
Management fees	4,060,889	10,308,482
	<u>4,060,889</u>	<u>10,308,482</u>

The Company generated income from performance fees and management fees from GABI Limited and, with effect from 1 July 2017, net management fees accrued daily in proportion to the value of tracker certificates issued by XBTP, payable by GTL.

GABI Limited was closed to investors and ceased to generate fees on 9 March 2018, management fees from GABI Limited amounted to £nil (2018: £8,950) and from the tracker certificates to £4,060,889 (2018: £10,299,532). GABI Limited was fully dissolved on 14 December 2018.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

4 Administration expenses by nature

Included within administration expenses are the following amounts:

	2019	2018
	£	£
Depreciation of tangible fixed assets	8,538	17,154
Marketing and branding services	1,725,734	4,377,301
Collateral management services	-	2,059,906
Interest expense	29,708	16,219
Gain on foreign exchange	(2,105)	(8,307)
Revaluation gain on foreign exchange	(66,999)	(23,694)
Fees payable for the audit of the Company's annual accounts	9,000	18,000

Marketing and branding services of £1,725,734 (2018: £4,377,301) was payable to CSHL, based on 42.5% of the net management fee accrued by the Company in respect of tracker certificates. This fee was payable to CSHL based on the service level agreement for marketing and branding services performed by CSHL. Collateral management services of £nil (2018: £2,059,906), representing 20% of the net management fee in respect of tracker certificates accrued by the Company in 2018, was payable to GTL. This fee was payable to GTL based on the Collateral Services Agreement for hedging services performed by GTL and has ceased to generate fees for GTL since the beginning of 2019.

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 2018 central costs are incurred by group entities and are recharged. The amount recharged is subject to annual agreement between the Company and group entities. For the period ended 30 June 2019 a total of £783,056 (2018: £641,636) was charged to the Company by the group and £nil (2018: £318,397) was charged to the group by Company. 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 are determined by the directors based upon their judgement of the estimated resource usage for the year.

In the directors' opinion, the cost allocations are a fair and reasonable estimate of resource usage for the year.

5 Directors' remuneration

	2019	2018
	£	£
Directors emoluments	133,646	494,455
	<u>133,646</u>	<u>494,455</u>

Directors' emoluments does not include benefits-in-kind received by the directors which is £nil (2018: £10,708).

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

6 Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the period/year	161,898	224,938
	161,898	224,938
Deferred tax	-	-
Taxation on profit on ordinary activities	161,898	224,938
Taxation outstanding at the reporting date	168,961	225,063
	2019 £	2018 £
Profit before taxation	1,618,667	2,187,173
Tax calculated at Jersey tax rate for regulated financial service companies of 10% (2018: 10%)	161,867	218,717
Effects of:		
Non-qualifying depreciation	854	1,715
Receipt of GABI Limited settled expenditure	31	5,112
Capital allowances for period/year	(854)	(1,228)
Non-qualifying expenses	-	747
Prior period adjustment	-	(125)
Total tax charge for the period/year	161,898	224,938

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

7 Property, plant and equipment

	Furniture & Fittings £	Office Equipment £	Total £
Cost			
At 1 January 2019	17,179	93,787	110,966
Additions	-	-	-
Disposals	-	-	-
At 30 June 2019	<u>17,179</u>	<u>93,787</u>	<u>110,966</u>
Accumulated depreciation			
Beginning of financial year	17,179	60,051	77,230
Charge for the period	-	8,538	8,538
At 30 June 2019	<u>17,179</u>	<u>68,589</u>	<u>85,768</u>
Net book value			
At 30 June 2019	<u>-</u>	<u>25,198</u>	<u>25,198</u>
At 31 December 2018	<u>-</u>	<u>33,736</u>	<u>33,736</u>

8 Investments

	Investments in subsidiaries £	Investments in associates £	Unlisted investments £	Total £
Cost				
At 1 January 2019	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
At 30 June 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value				
At 30 June 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company transferred its holding of 1 nominal share in GABI Limited to GAHL for £nil consideration on 4 May 2018. GABI Limited wasn't consolidated on the basis the nominal share provides management rights, but does not provide access to or control over economic benefits arising in GABI Limited. GABI Limited was fully dissolved on 14 December 2018.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

9 Commitments

Operating leasing commitments - where the Company is a lessee

The company ceased to lease office spaces under non-cancellable operating lease agreements during 2018. GAHL bears rent expenses which, from March 2018, are recharged from time to time to the Company in proportion to utility of the premises.

The future minimum lease payables under non-cancellable operating leases contracted for by the Company at the reporting date but not recognised as liabilities, are as follows:

	2019	2018
	£	£
Not later than one year	-	-
	<hr/>	<hr/>
	-	-

10 Trade and other receivables

	2019	2018
	£	£
Amounts owed by group undertakings	1,669,412	151,081
Amounts owed by parent company	4,707,909	3,063,657
Prepayments and sundry debtors	17,689	11,862
	<hr/>	<hr/>
	6,395,010	3,226,600

Amounts owed by group undertakings is made up of settled expenditure and fee income due on tracker certificates issued by XBTP and held by GTL, less their fees.

Amounts owed by the parent company CSHL of £4,707,909 (2018: £3,063,657) are made up of expenses settled by the Company on behalf of CSHL and other group entities. These amounts 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.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

11 Cash at bank and amounts due from/to broker

	2019 £	2018 £
Cash at bank	260,378	1,307,210
Amounts due from broker	1,678,999	5,351,548
	<u>1,939,377</u>	<u>6,658,758</u>
Amounts due to broker	(44,553)	(3,648,828)
Cash and cash equivalents	<u>1,894,824</u>	<u>3,009,930</u>

Amounts due from/to broker represent cash held by/payable to Interactive Brokers and are classified as basic financial assets/liabilities. Amounts payable to Interactive Brokers are denominated in US\$ and accrue interest at the effective federal funds rate plus 1.5% (2018: 0.6%).

12 Trade and other payables

	2019 £	2018 £
Trade payables	153	841
Amounts payable to parent company	1,237,687	585,461
Accrued liabilities	27,000	34,439
	<u>1,264,840</u>	<u>620,741</u>

Amounts owed to the parent company CSHL of £1,237,687 (2018: £585,461) consist of accrued fees for the provision of marketing and branding services and expenses settled by the Company on behalf of CSHL and other group entities. These are considered to be trade payables rather than loans.

13 Share capital

Shares classified as equity

	Allotted, called-up and fully paid			
	2019 Number	2019 £	2018 Number	2018 £
Ordinary shares of £1 each	1	1	1	1
Redeemable shares of £1 each	2,108,525	2,108,525	2,108,525	2,108,525
	<u>2,108,526</u>	<u>2,108,526</u>	<u>2,108,526</u>	<u>2,108,526</u>

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

13 Share capital (continued)

	Allotted, called-up and partly paid			
	2019 Number	2019 £	2018 Number	2018 £
Ordinary shares of £1 each	-	-	-	-
Redeemable shares of £1 each	-	-	-	-
	-	-	-	-
Total share capital	2,108,526	2,108,526	2,108,526	2,108,526

The Company is authorised to issue 1 ordinary share of £1, 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.

The Company is authorised to issue 100,000,000 redeemable shares of £1, they confer on the holders the right to receive dividends at the Company's discretion. At the Company's discretion there is a return of amounts paid up on such shares, but no further payment. On redemption, the Company returns the subscription amount. Redeemable shares issued and allotted are accounted for as equity.

The Company elected to redeem 1,191,475 redeemable shares held by GAHL on 30 June 2018. GAHL transferred its remaining interest in the Company of 1 ordinary share and 2,108,525 redeemable shares to CSHL on 30 June 2018 for an additional 5% interest in CSHL. GAHL owns 80% of CSHL and remains the ultimate controlling party.

14 Share premium

On 15 April 2010, 2,500 ordinary shares were issued at approximately £8.33 per share and 7,500 ordinary shares at approximately £11.11 resulting in a share premium of £96,863.

In 2016, 251,222 redeemable shares were issued at £2.54 to give a £387,137 share premium.

In 2017, 251,222 redeemable shares were redeemed at £2.54 to reduce the share premium by £387,137.

15 Contingent assets and liabilities

The Company historically settled expenditure on behalf of GABI Limited, a Jersey company managed by the Company during the previous year.

The Company is entitled to reimbursement of the expenditure made on behalf of GABI Limited. However, due to closing GABI Limited on 9 March 2018, payments of £181,566 were made at the beginning of the previous year to reimburse the Company for previously settled expenditure and to provide for a portion of the wind down costs incurred.

Following the decision to close GABI Limited in March 2018, the Company agreed to indemnify GABI Limited in respect of all liabilities it incurred from 9 March 2018 in excess of amounts transferred at the beginning of last year. Total costs related to GABI Limited settled expenditure for the year amount to £316 (2018: £51,115).

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the financial period ended 30 June 2019

16 Guarantee

The Company has issued a guarantee in respect of tracker certificates issued by XBTP, a subsidiary of CSHL.

The obligations arising on XBTP from the certificates are managed by GTL, which hedges the exposure of these liabilities. GTL is a subsidiary of GAHL. GTL has procured a hedge to cover the obligations of XBTP to the certificate holders by having an identical exposure in digital assets under the terms of the collateral management agreement. At 31 December 2018, GTL recorded a net equity position of £34.7 million (US\$44.2 million) (2017: £18.5 million (US\$25.4 million)).

The guarantee could be called in the case of extreme events, such as an operational error, hacking or fraud impacting the hedging provided by GTL which results in GTL's net equity being insufficient to settle XBTP's obligations. In the opinion of the directors, there are sufficient controls and processes in place to mitigate such a risk by: (i) a secure algorithmic trading platform hosted in a cloud, the cybersecurity of GTL was reviewed as part of the audit of GTL by Deloitte (UK) LLP who issued an unqualified audit report, (ii) a float of digital assets held at the exchanges which is monitored by the trading team to ensure the float is sufficient to deal with any redemption requests, (iii) controls designed to monitor unusual transactions to mitigate factors for human error, (iv) GTL's automatic trading system is designed so that exposure to changes in prices of digital assets are matched by changes in value of the obligations towards XBTP, (v) GTL limits exposure to currency risk by using US\$ as the functional currency and hedges foreign currency by regularly monitoring exposure on all foreign currency denominated assets and liabilities. Should such unlikely events happen, and assuming the worst case scenario, the maximum exposure for the Company would equal the total value of the certificates issued to third party investors, which amounted to £209 million (US\$265 million) (2017: £815 million; US\$1.1 billion) as at 31 December 2018.

As a result of the controls and processes in place, the directors consider that the risk of the guarantee is very remote, and accordingly there is no provision or liability recorded within these financial statements.

17 Reserves

Share premium is the amount subscribed for share capital in excess of nominal value.

The retained earnings reserve shows the cumulative net gain and losses recognised in the Statement of Comprehensive Income.

18 Events after the reporting date

There have been no significant events since the reporting date.

19 Controlling party

The Company's immediate parent company is CSHL a company incorporated in Jersey, Channel Islands at 2 Hill Street, St Helier, Jersey, JE2 4UA. In the opinion of the directors, GAHL remains the ultimate controlling party after transferring the Company to CSHL for an additional 5% interest in CSHL during the previous financial year. CSHL is 80% held by GAHL and 20% by Pursuit Capital Limited.

CoinShares (Jersey) Limited

Supplementary Statement for the period ended 30 June 2019

	2019	2018
	£	£
Administration expenses		
Audit and accountancy fees	25,787	59,545
Consultants and contractors	48,148	286,289
CoinShares (Holdings) Limited: 42.5% of NMF	1,725,734	4,377,301
Depreciation	8,538	17,154
Directors salaries and national insurance	165,375	508,119
Entertainment	-	1,767
GABI Trading Limited: 20% of NMF	-	2,059,906
General business expenses	52,899	109,087
HR related	3,890	3,441
Interest expense	29,708	16,219
Legal fees	400	65,590
Marketing	-	3,457
Office expenses	19,851	41,171
Professional fees	2,695	35,492
Gain on foreign exchange	(2,105)	(8,307)
Rent	87,448	70,629
Staff salaries	341,385	464,278
Travel and hotel accommodation	567	2,533
Revaluation gain on foreign exchange	(66,999)	(23,694)
	2,443,321	8,089,977

Included in the above analysis is £783,056 (2018: £641,636) of expenditure recharged by the group to the Company. The amounts are also presented net of £nil (2018: £318,397) recharged by the Company to the group.