

CoinShares (Jersey) Limited

Audited financial statements for the year ended 31 December 2021

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CoinShares (Jersey) Limited

Company Information

For the year ended 31 December 2021

The Company	CoinShares (Jersey) Limited
Registered Number	102184
Registered Office	2nd Floor 2 Hill Street St Helier Jersey JE2 4UA
Directors	Benjamin Gilbert Luc Guillou Carsten Kjøppen (non-executive) (resigned 30 November 2021) Jean-Marie Mognetti (resigned 22 February 2022) Charles Butler (appointed 21 February 2022) Jeri-Lea Brown (appointed 21 February 2022)
Company Secretary	CoinShares Corporate Services (Jersey) Limited
Independent Auditor	Baker Tilly Channel Islands Limited PO Box 437 1st Floor, Kensington Chambers 46/50 Kensington Place St Helier Jersey JE4 OZE
Bank	Barclays Bank PLC. 13 Library Place St Helier Jersey JE4 8NE
Broker	Interactive Brokers LLC 110 Bishopsgate London EC2N 4AY

CoinShares (Jersey) Limited

Directors' Report

For the year ended 31 December 2021

The directors present their report and the financial statements of CoinShares (Jersey) Limited (the 'Company') for the year ended 31 December 2021.

Incorporation

The Company is incorporated, domiciled and tax resident 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 (Classes X and Z) and investment business activities (Classes A, B and C).

Results and dividends

The profit for the year, after taxation, amounted to £7,192,770 (2020: £1,714,504).

The directors declared and paid a dividend of £5,000,000 during the year (2020: £2,200,000).

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' ('FRS 102'). 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 year ended 31 December 2021

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 in the ultimate parent company, CoinShares International Limited ('CSIL').

Going concern

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

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

The Company's main source of income is represented by fees paid by CoinShares Capital Markets (Jersey) Limited ('CSCMJL') on a cost plus basis in addition to management fee income on certificates issued by CoinShares Digital Securities Limited ('CSDSL'). The Company was replaced as the principal party for the certificate program by CSCMJL as of 30 June 2019 and was superceded as guarantor by CSCMJL on 30 August 2021. Revenue has since been calculated on a cost plus model to reflect the reduced risk of the Company's position as per a service agreement with CSIL.

Additional management fees have been generated by the Company from investment management services provided to CSDSL a subsidiary of CSIL, the Company's parent company, and GABI Ventures Limited ('GVL'), a former subsidiary of CSIL. The Discretionary Investment Management Agreement between the Company and GVL was terminated on 12 August 2021.

As a part of the Company's regulation under the Jersey Financial Services Commission, the Company performs a resource requirement calculation on a regular (at least quarterly) basis to ensure it maintains sufficient capital reserves for ongoing operations. The Company must maintain an adjusted net liquid asset ratio ('ANLA'), as defined by the codes of practice, of at least 130%; the Company has consistently maintained reserves comfortably in excess of that level throughout the reporting period. The ANLA was 176% (2020: 164%) at the end of the reporting year.

The Company has net assets of £4,661,518 (2020: £2,468,748), at the end of the reporting period. The directors declared and paid a dividend of £5,000,000 (2020: £2,200,000) during the year. The Company remains profitable, generating a profit for the year of £7,192,770 (2020: £1,714,504). The directors therefore believe the Company has the ability to pay all liabilities as they fall due and therefore is a going concern and have prepared these financial statements on that basis.

Independent Auditor

Baker Tilly Channel Islands Limited has expressed its willingness to continue in office.

The report was approved by the board on 4 April 2022 and signed on its behalf by:



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

Independent auditor's report

To the Members of CoinShares (Jersey) Limited

Opinion

We have audited the financial statements of CoinShares (Jersey) Limited (the Company), which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK GAAP); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991, as amended, the Financial Services (Trust Company and Investment Business (Accounts, Audits and Reports)) (Jersey) Order 2007 and the Financial Services (Fund Services Business (Accounts, Audits and Reports)) (Jersey) Order 2007.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs). 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 Jersey, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to Going Concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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 performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 (Jersey) Law 1991, as amended, requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- proper returns adequate for the audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns; and
- we have not obtained all information and explanation that, to the best of our knowledge and belief, was necessary for the audit.

Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with UK GAAP, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- Enquiry of management to identify any instances of non-compliance with laws and regulations, including actual, suspected or alleged fraud;
- Reading minutes of meetings of the Board of Directors;
- Reading compliance reports and key correspondence with regulatory authorities;
- Review of legal invoices and discussions with legal counsel;
- Review of management's significant estimates and judgements for evidence of bias;
- Review for undisclosed related party transactions;
- Using analytical procedures to identify any unusual or unexpected relationships; and
- Undertaking journal testing, including an analysis of manual journal entries to assess whether there were large and/or unusual entries pointing to irregularities, including fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of this Report

This report is made solely to the Members of the Company, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991, as amended. Our audit work has been undertaken so that we might state to the 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 its Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Ewan Spraggon

For and on behalf of Baker Tilly Channel Islands Limited

Chartered Accountants

St Helier, Jersey

Date: 05/04/2022

CoinShares (Jersey) Limited

Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 £	2020 £
Revenue	3	12,150,037	3,719,207
Gross profit		12,150,037	3,719,207
Administration expenses	4	(4,133,307)	(1,814,983)
Loss on digital asset receivables		(23,680)	-
Operating profit		7,993,050	1,904,224
Finance income		-	1,654
Profit before taxation		7,993,050	1,905,878
Taxation on profit	6	(800,280)	(191,374)
Profit after taxation		7,192,770	1,714,504
Other comprehensive income		-	-
Total comprehensive income		7,192,770	1,714,504

All items dealt with in arriving at profit for 2021 and 2020 relate to continuing operations.

The above should be read in conjunction with the accompanying notes on pages 13 to 21 which form an integral part of these financial statements.

CoinShares (Jersey) Limited

Statement of Financial Position

As at 31 December 2021

		As at 31 December 2021	As at 31 December 2020
	Note	£	£
ASSETS			
Current assets			
Trade and other receivables	8	1,673,508	1,778,938
Digital asset receivables	9	145,927	-
Cash and cash equivalents	10	3,823,424	900,717
Total assets		5,642,859	2,679,655
LIABILITIES			
Current liabilities			
Trade and other payables	11	981,341	210,907
Total liabilities		981,341	210,907
NET ASSETS		4,661,518	2,468,748
EQUITY			
Share capital	12	500,000	500,000
Share premium	13	96,863	96,863
Retained earnings	14	4,064,655	1,871,885
Total equity		4,661,518	2,468,748

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



Benjamin Gilbert

Director

Date: 4 April 2022

The above should be read in conjunction with the accompanying notes on pages 13 to 21 which form an integral part of these financial statements.

CoinShares (Jersey) Limited

Statement of Changes in Equity

For the year ended 31 December 2021

	Note	Ordinary Shares £	Redeemable Shares £	Share Premium £	Retained Earnings £	Total equity £
At 1 January 2020		1	499,999	96,863	2,357,381	2,954,244
Profit for the year		-	-	-	1,714,504	1,714,504
Total comprehensive income		-	-	-	1,714,504	1,714,504
Dividends paid	14	-	-	-	(2,200,000)	(2,200,000)
At 31 December 2020		1	499,999	96,863	1,871,885	2,468,748
At 1 January 2021		1	499,999	96,863	1,871,885	2,468,748
Profit for the year		-	-	-	7,192,770	7,192,770
Total comprehensive income		-	-	-	7,192,770	7,192,770
Dividends paid	14	-	-	-	(5,000,000)	(5,000,000)
At 31 December 2021		1	499,999	96,863	4,064,655	4,661,518

The above should be read in conjunction with the accompanying notes on pages 13 to 21 which form an integral part of these financial statements.

CoinShares (Jersey) Limited

Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit after taxation		7,192,770	1,714,504
Adjustments for:			
- Income tax expense	6	800,280	191,374
- Depreciation	4	-	16,660
- Finance expense		-	698
- Finance income		-	(1,654)
- Loss on digital asset receivables		(23,680)	-
		7,969,370	1,921,582
Change in working capital:			
- Trade and other receivables		(16,817)	(134,297)
- Trade and other payables		161,717	(5,636)
Cash generated from operations		8,114,270	1,781,649
Interest paid		-	(1,185)
Taxation paid		(191,563)	(260,647)
Net cash flow provided by operating activities		7,922,707	1,519,817
Cash flows from investing activities			
Interest received		-	1,766
Net cash provided by investing activities		-	1,766
Cash flows from financing activities			
Dividends paid	14	(5,000,000)	(2,200,000)
Net cash used in financing activities		(5,000,000)	(2,200,000)
Net increase/(decrease) in cash and cash equivalents		2,922,707	(678,417)
At the beginning of the year		900,717	1,579,134
At the end of the year	10	3,823,424	900,717

The above should be read in conjunction with the accompanying notes on pages 13 to 21 which form an integral part of these financial statements.

The Company has not prepared a net debt reconciliation on the basis that it did not have any borrowings, together with related derivatives or obligations under finance leases during the year.

CoinShares (Jersey) Limited

Notes to the Financial Statements

For the year ended 31 December 2021

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. The main source of income is represented by fees paid by CoinShares Capital Markets (Jersey) Limited ('CSCMJL') on a cost plus basis in addition to management fee income on certificates issued by CoinShares Digital Securities Limited ('CSDSL').

The Company is a private company limited by shares and is incorporated and domiciled in Jersey. The address of its registered office is 2nd Floor, 2 Hill Street, St Helier, Jersey JE2 4UA and its company registration number is 102184.

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 ('FRS 102') 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

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

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

The Company's main source of income is represented by fees paid by CoinShares Capital Markets (Jersey) Limited ('CSCMJL') on a cost plus basis in addition to management fee income on certificates issued by CoinShares Digital Securities Limited ('CSDSL'). The Company was replaced as the principal party for the certificate program by CSCMJL as of 30 June 2019 and was superceded as guarantor by CSCMJL on 30 August 2021. Revenue has since been calculated on a cost plus model to reflect the reduced risk of the Company's position as per a service agreement with CSIL.

Additional management fees have been generated by the Company from investment management services provided to CSDSL a subsidiary of CSIL, the Company's parent company, and GABI Ventures Limited ('GVL'), a former subsidiary of CSIL. The Discretionary Investment Management Agreement between the Company and GVL was terminated on 12 August 2021.

As a part of the Company's regulation under the Jersey Financial Services Commission, the Company performs a resource requirement calculation on a regular (at least quarterly) basis to ensure it maintains sufficient capital reserves for ongoing operations. The Company must maintain an adjusted net liquid asset ratio ('ANLA'), as defined by the codes of practice, of at least 130%; the Company has consistently maintained reserves comfortably in excess of that level throughout the reporting period. The ANLA was 176% (2020: 164%) at the end of the reporting year.

The Company has net assets of £4,661,518 (2020: £2,468,748), at the end of the reporting period. The directors declared and paid a dividend of £5,000,000 (2020: £2,200,000) during the year. The Company remains profitable, generating a profit for the year of £7,192,770 (2020: £1,714,504). The directors therefore believe the Company has the ability to pay all liabilities as they fall due and therefore is a going concern and have prepared these financial statements on that basis.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

2 Significant accounting policies (continued)

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.

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.

Critical Judgements

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.

Key accounting estimates

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.

Allocation of Group (CSIL and its subsidiaries) 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.

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 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.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

2 Significant accounting policies (continued)

2.6 Revenue (continued)

Sale of services

The Company provides investment management and advisory services. Revenue is recognised in the accounting period in which the services are performed, based on the terms of the contract.

2.7 Expenses

All expenses of the Company are recognised on an accruals basis and are net of amounts recharged between the Company and the Group (see note 16).

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 2021 (2020: nil). 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.

The Group may compensate employees' absences for various reasons including vacation, sickness, maternity and paternity. There is non-accumulating compensation of absence for all types of leave apart from vacation, for which there is a limited ability to carry unused leave into the next period, and this does not carry forward; it will lapse if the current period's entitlement is not used in full, therefore the Group does not recognise a liability or expense until the time of absence.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision of £nil (2020: £nil) has been made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

2.9 Cash and cash equivalents

Cash and cash equivalents consists of balances with banks and amounts due from/to brokers. 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 third party brokers.

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

2.10 Fair value hierarchy

Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

2 Significant accounting policies (continued)

2.11 Trade and other receivables

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

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

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

2.12 Digital asset receivables

Digital asset receivables are accounted for under the revaluation model and are recognised in line with recognition of the related income. Digital assets receivables have been classified as Level 1 as per note 2.10.

Digital asset receivables are remeasured using reference indicies using the information as per the prospectus for the underlying assets in CSDS.

If the receivable's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income. However, the increase shall be recognised in the profit and loss to the extent that it reverses previously recognised revaluation losses in the profit and loss.

The decrease in the carrying value of a receivable as a result of a revaluation shall be recognised in other comprehensive income to the extent that it reverses previously recognised gains in other comprehensive income. If a revaluation loss exceeds the accumulated gains recognised in equity in respect of digital asset receivables, the excess shall be recognised in the profit and loss.

2.13 Trade and other payables

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

2.14 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 recharged to the Company for the year totals £102,091 (2020: £115,090). Future minimum payments on the current leases total £nil (2020: £nil).

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

2 Significant accounting policies (continued)

2.15 Taxation

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

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

The taxation charge is based on the profit for the year as adjusted for tax purposes. The standard income tax rate in Jersey for financial services is 10% (2020: 10%).

2.16 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.

2.17 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

	2021 £	2020 £
Management fees	11,223,118	3,658,261
Investment management services - CSDSL	871,706	-
Investment management services - GVL	55,213	60,946
	12,150,037	3,719,207

The Company generated income from management fees in proportion to the value of certificates issued by XBT Provider AB (publ) ('XBTP') until 30 September 2021. From 30 August 2021 revenue has been calculated on a cost plus model, to reflect the reduced risk to the Company since it was replaced as guarantor for the certificate program by CSCMJL. Management fees from the certificates amounted to £11,223,118 (2020: £3,658,261).

On 21 December 2020 the Company entered into a service level agreement with CSDSL, for the provision of management, administration and marketing services in connection with certificates issued. Management fees of £871,706 (2020: £nil) were generated during the year.

Under the terms of a discretionary investment management agreement effective 1 September 2019 the Company generated additional management fees of £55,213 (2020: £60,946) for the provision of investment management services to GVL, calculated as 1% of AUM payable in arrears on a quarterly basis. The agreement between the Company and GVL was terminated on 12 August 2021.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

4 Administration expenses by nature

Included within administration expenses of £4,133,307 (see page 22) are the following amounts:

	2021	2020
	£	£
Depreciation of tangible fixed assets	-	16,660
Fees payable for the audit of the Company's annual accounts	13,000	11,715
Loss on foreign exchange	1,063	938
Interest expense	-	698
Rent (i)	102,091	115,090
Revaluation gain on foreign exchange	(96,969)	(81,754)
Salaries (i)	1,043,746	935,570
Staff bonuses (i)	702,345	176,263
Directors' bonuses (i)	768,394	226,363

(i) The Company shares certain central resources with the Group, including staff and premises. Whereby central costs incurred by Group entities are reallocated to where the resource was used. The amount recharged is subject to annual agreement between the Company and Group entities.

For the year ended 31 December 2021 a total of £2,725,963 (2020: £1,578,131) was recharged to the Company from the Group and a total of £nil (2020: £6,995) was recharged to the Group from the Company.

5 Directors' remuneration

	2021	2020
	£	£
Executive directors' emoluments	1,085,061	594,363
	<u>1,085,061</u>	<u>594,363</u>

Executive directors' emoluments do not include benefits-in-kind received by the directors of £14,985 (2020: £21,099).

Executive directors' remuneration includes £1,071,310 (2020: £580,613) recharged to the Company by CoinShares (Holdings) Limited ('CSHL').

6 Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	800,280	191,374
	<u>800,280</u>	<u>191,374</u>
Deferred tax	-	-
Taxation on profit on ordinary activities	<u>800,280</u>	<u>191,374</u>

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

6 Taxation (continued)

	2021 £	2020 £
Profit before taxation	7,993,050	1,905,878
Tax is calculated at the Jersey tax rate for regulated financial service companies of 10% (2020: 10%)		
	799,305	190,588
Effects of:		
Non-qualifying depreciation	-	1,666
Capital allowances in excess of depreciation	-	(1,666)
Prior period adjustment	975	786
Total tax charge for the year	800,280	191,374

7 Commitments

Operating leasing commitments - where the Company is a lessee

The Company has ceased to lease office spaces under non-cancellable operating lease agreements. CSIL bears rent expenses which are recharged from time to time to the Company in proportion to utility of the premises.

8 Trade and other receivables

	2021 £	2020 £
Amounts owed by parent company	1,657,968	1,681,316
Amounts owed by related parties	-	78,801
Prepayments and sundry debtors	15,540	18,821
	1,673,508	1,778,938

Amounts owed by the parent company, CSHL, of £1,657,968 (2020: £1,681,316) are made up of transfers and expenses settled by the Company on behalf of CSHL and other Group entities.

Amounts owed by related parties consists of £nil (2020: £78,801) of management fee income due from GVL.

9 Digital asset receivables

	2021 Number	2020 Number	2021 £	2020 £
Amounts owed by Group undertakings				
Bitcoin	2,6428	-	93,767	-
Ethereum	17,4540	-	48,717	-
Litecoin	19,2656	-	2,138	-
XRP	2,097.2632	-	1,305	-
			145,927	-

Included in amounts owed by group undertakings is £145,927 (2020: £nil) of management fee income due from CSDSL which was outstanding at 31 December 2021. These amounts are denominated in the relevant digital asset.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

10 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	3,160,807	238,101
Amounts due from broker	662,617	662,616
Cash and cash equivalents	3,823,424	900,717

Amounts due from/to broker represent cash held by/payable to Interactive Brokers and are classified as basic financial assets/liabilities.

11 Trade and other payables

	2021 £	2020 £
Trade payables	44,969	700
Amounts payable to Group undertakings - CSDSL	98,093	-
Accrued liabilities	38,974	19,619
Current tax liabilities	799,305	190,588
	981,341	210,907

Amounts owed to Group undertakings at year end of £98,093 (2020: £nil) consists of expenses paid on behalf of CSDSL. These amounts are repayable on demand, bear interest at 0% and are unsecured.

12 Share capital

Shares classified as equity

	Allotted, called-up and fully paid			
	2021 Number	2021 £	2020 Number	2020 £
Ordinary shares of £1 each	1	1	1	1
Redeemable shares of £1 each	499,999	499,999	499,999	499,999
	500,000	500,000	500,000	500,000

The Company is authorised to issue 1 ordinary share of £1 each, it confers on the holder the right to receive dividends at the Company's discretion. If, 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 may be 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.

There have been no movements in share capital during the year.

13 Share premium

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

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 December 2017, the Company undertook a restructure of the shares in issue, converting all ordinary shares into redeemable shares, and issuing a single ordinary share of £1.00.

CoinShares (Jersey) Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

14 Reserves

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

On 21 October 2021 the Company distributed a dividend of £5,000,000. On 29 May 2020 the Company distributed a dividend of £2,200,000.

15 Guarantee

The Company issued a guarantee in respect of certificates issued by XBTP on 1 July 2017. The Company has since ceased to be liable for any obligations from these certificates as a result of being replaced as guarantor by CSCMJL on 30 August 2021.

16 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/ Incorporation
CoinShares (UK) Limited	CSUK	Subsidiary	100%	UK	19/04/2017
CoinShares (Holdings) Limited	CSHL	Subsidiary	100%	Jersey	25/04/2017
XBT Provider AB (publ)	XBTP	Subsidiary	100%	Sweden	25/09/2017
CoinShares GP II Limited	CSGP2L	Subsidiary	100%	Jersey	09/02/2018
CoinShares Corporate Services (Jersey) Limited	CSCSJL	Subsidiary	100%	Jersey	25/06/2018
CoinShares Co	CSCo	Subsidiary	100%	USA	01/07/2018
Gold Token SA	GTSA	Joint Venture	50%	Switzerland	08/08/2018
CoinShares Employment Services (Jersey) Limited	CSESJL	Subsidiary	100%	Jersey	09/08/2018
GABI Trading Limited (Asia)	GTLA	Subsidiary	100%	Hong Kong	12/02/2019
GABI Capital Limited	GCL	Subsidiary	100%	Jersey	30/06/2019
CoinShares Capital, LLC	CS Cap	Subsidiary	100%	USA	18/09/2019
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 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
Napoleon Crypto SAS	NCSAS	Subsidiary	100%	France	17/12/2021
Napoleon Group SAS	NGSAS	Subsidiary	100%	France	17/12/2021
Napoleon Software SAS	NSSAS	Subsidiary	100%	France	17/12/2021

Mr Daniel Masters and Mr Russell Newton are directors of GVL, a former subsidiary of CSIL. The Company accrued management fees of £55,213 (2020: £60,946) for the provision of investment management services during the year. A balance of £nil (2020: £78,801) was outstanding at 31 December 2021.

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

17 Events after the reporting date

On 10 January 2022, the entire share capital of the Company was transferred from CSHL to CSIL. There has been no change in the ultimate controlling party.

18 Ultimate controlling party

As at the year end, the Company's immediate parent was CSHL a company incorporated in Jersey, Channel Islands at 2nd Floor, 2 Hill Street, St Helier, Jersey, JE2 4UA. As disclosed in note 17, this has changed after the reporting to date to CSIL. In the opinion of the directors, CSIL remained the ultimate controlling party for the whole year, and post year end.







CoinShares (Jersey) Limited

Appendix 1: Detailed administration expenses for the year ended 31 December 2021 (unaudited)

	2021	2020
	Unaudited	Unaudited
	£	£
Administration expenses		
Audit and accountancy fees	21,300	26,177
Consultants and contractors	251,182	304,214
Depreciation	-	16,660
Directors' salaries	393,113	644,840
Directors' bonuses	768,394	226,363
Entertainment	15	77
General expenses	53,078	80,831
Interest expense	-	698
Issuer expenses	1,220,116	-
Legal fees	154	1,890
Marketing	49,098	-
Office expenses	4,813	50
Professional fees	(120)	10,228
Loss on foreign exchange	1,063	938
Rent	102,091	115,090
Staff salaries	650,633	290,730
Staff bonuses	702,345	176,263
HR related	13,001	-
Travel and hotel accommodation	-	1,688
Revaluation gain on foreign exchange	(96,969)	(81,754)
	4,133,307	1,814,983

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