

# CoinShares (Jersey) Limited

*Unaudited financial statements for the period ended 30 June 2021*

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# CoinShares (Jersey) Limited

## Company Information

For the period ended 30 June 2021

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<b>The Company</b>	CoinShares (Jersey) Limited
<b>Registered Number</b>	102184
<b>Registered Office</b>	2nd Floor 2 Hill Street St Helier Jersey JE2 4UA
<b>Directors</b>	Benjamin Gilbert Carsten Køppen (non-executive) Jean-Marie Mognetti Luc Guillou
<b>Company Secretary</b>	CoinShares Corporate Services (Jersey) Limited

# CoinShares (Jersey) Limited

## Directors' Report

For the period ended 30 June 2021

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The directors present their report and the financial statements of CoinShares (Jersey) Limited (the 'Company') for the period ended 30 June 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 period, after taxation, amounted to £4,317,261 (2020: £1,714,504).

The directors have not recommended the payment of a dividend during the period (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 period ended 30 June 2021

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### Directors and Company Secretary

The directors and company secretary who served during the period 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 at the beginning and at the end of the reporting period.

### 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.

A significant point for consideration is the financial guarantee the Company has provided in respect of certificates issued by XBT Provider AB (publ) ('XBTP'), a subsidiary of the Company's immediate parent CoinShares (Holdings) Limited ('CSHL'). The obligations arising from the XBTP certificates are managed by CoinShares Capital Markets (Jersey) Limited ('CSCMJL'), also a fellow subsidiary of the Company's parent CSHL, which hedges the exposure of these liabilities.

The guarantee could be called upon in the case of extreme events, such as an operational error, hacking or fraud, impacting the hedging provided by CSCMJL which results in CSCMJL's net equity being insufficient to settle XBTP's obligations. In the opinion of the directors, there are sufficient controls and processes in place within CSCMJL to mitigate such a risk by:

- holding a float of digital assets at exchanges, which is monitored by the trading team, to ensure there is a sufficient balance to deal with any redemption requests;
- using controls designed to monitor unusual transactions to mitigate factors for human error;
- CSCMJL's automatic trading system which is designed such that exposure to changes in prices of digital assets are matched by changes in the value of the obligations towards XBTP;
- limiting exposure to foreign currency risk by using US\$ as the functional currency and hedging foreign currency exposures by regularly monitoring all foreign currency denominated assets and liabilities;
- storing the majority of digital assets offline with an institutional custody service;
- using a secure algorithmic trading platform hosted on the cloud; and
- engaging a third party accounting firm to provide an independent audit opinion on the quantum of digital assets held by CSCMJL in order to hedge the noteholder obligation arising from the issuance of exchange traded products by XBTP.

Consequently the Company has not accrued a provision in respect of the guarantee as it is not deemed a probable liability.

The Company has net assets of £6,786,009 (2020: £2,468,748), at the end of the reporting period. The directors have not recommended the payment of a dividend (2020: £2,200,000) during the period. The Company remains profitable, generating a profit for the period of £4,317,261 (2020: £1,714,504) and continues to receive significant fee income from its service agreement with CSCMJL connected to XBTP.

## CoinShares (Jersey) Limited

### Directors' Report (continued)

For the period ended 30 June 2021

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#### Going concern (continued)

Additional management fees have been generated by the Company from investment management services provided to GABI Ventures Limited ('GVL'), a former subsidiary of CoinShares International Limited ('CSIL'), the Company's ultimate parent and CoinShares Digital Securities Limited ('CSDSL') a subsidiary of CoinShares (Holdings) Limited ('CSHL'), the Company's parent company.

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 339% (2020: 164%) at the end of the reporting period.



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CoinShares Corporate Services (Jersey) Limited  
Company Secretary

Date: 23 / 07 / 2021

## CoinShares (Jersey) Limited

### Statement of Comprehensive Income

For the period ended 30 June 2021

		1 January 2021 to 30 June 2021	1 January 2020 to 30 June 2020	1 January 2020 to 31 December 2020
	Note	£	£	£
Revenue	3	7,474,075	1,377,121	3,719,207
<b>Gross profit</b>		<b>7,474,075</b>	1,377,121	3,719,207
Administration expenses	4	(2,677,118)	(816,966)	(1,814,983)
<b>Operating profit</b>		<b>4,796,957</b>	560,155	1,904,224
Finance income		-	1,654	1,654
<b>Profit before taxation</b>		<b>4,796,957</b>	561,809	1,905,878
Taxation on profit	6	(479,696)	(56,181)	(191,374)
<b>Profit after taxation</b>		<b>4,317,261</b>	505,628	1,714,504
<b>Other comprehensive income</b>		-	-	-
<b>Total comprehensive income</b>		<b>4,317,261</b>	505,628	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 11 to 21 which form an integral part of these financial statements.

## CoinShares (Jersey) Limited

### Statement of Financial Position

As at 30 June 2021

		As at 30 June 2021	As at 31 December 2020
	Note	£	£
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	9	3,855,710	1,778,938
Cash and cash equivalents	10	3,677,163	900,717
<b>Total assets</b>		<b>7,532,873</b>	<b>2,679,655</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	746,864	210,907
<b>Total liabilities</b>		<b>746,864</b>	<b>210,907</b>
<b>NET ASSETS</b>		<b>6,786,009</b>	<b>2,468,748</b>
<b>EQUITY</b>			
Share capital	12	500,000	500,000
Share premium	13	96,863	96,863
Retained earnings	14	6,189,146	1,871,885
<b>Total equity</b>		<b>6,786,009</b>	<b>2,468,748</b>

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



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**Carsten Køppen**  
**Director**

Date: 23 / 07 / 2021

*The above should be read in conjunction with the accompanying notes on pages 11 to 21 which form an integral part of these financial statements.*

## CoinShares (Jersey) Limited

### Statement of Changes in Equity

For the period ended 30 June 2021

	Note	Ordinary Shares £	Redeemable Shares £	Share Premium £	Retained Earnings £	Total equity £
<b>At 1 January 2020</b>		<b>1</b>	<b>499,999</b>	<b>96,863</b>	<b>2,357,381</b>	<b>2,954,244</b>
Profit for the year		-	-	-	1,714,504	1,714,504
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,714,504</b>	<b>1,714,504</b>
Dividends paid	12	-	-	-	(2,200,000)	(2,200,000)
<b>At 31 December 2020</b>		<b>1</b>	<b>499,999</b>	<b>96,863</b>	<b>1,871,885</b>	<b>2,468,748</b>
<b>At 1 January 2021</b>		<b>1</b>	<b>499,999</b>	<b>96,863</b>	<b>1,871,885</b>	<b>2,468,748</b>
Profit for the period		-	-	-	4,317,261	4,317,261
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4,317,261</b>	<b>4,317,261</b>
Dividends paid	12	-	-	-	-	-
<b>At 30 June 2021</b>		<b>1</b>	<b>499,999</b>	<b>96,863</b>	<b>6,189,146</b>	<b>6,786,009</b>

The above should be read in conjunction with the accompanying notes on pages 11 to 21 which form an integral part of these financial statements.

## CoinShares (Jersey) Limited

### Statement of Cash Flows

For the period ended 30 June 2021

		1 January 2021 to 30 June 2021	1 January 2020 to 31 December 2020
	Note	£	£
<b>Cash flows from operating activities</b>			
<b>Profit after taxation</b>		<b>4,317,261</b>	1,714,504
Adjustments for:			
- Income tax expense	6	<b>479,696</b>	191,374
- Depreciation	4	-	16,660
- Finance expense		-	698
- Finance income		-	(1,654)
		<b>4,796,957</b>	1,921,582
Change in working capital:			
- Trade and other receivables		<b>(2,076,772)</b>	(134,297)
- Trade and other payables		<b>186,261</b>	(5,636)
Cash generated from operations		<b>2,906,446</b>	1,781,649
Interest paid		-	(1,185)
Taxation paid		<b>(130,000)</b>	(260,647)
<b>Net cash flow provided by operating activities</b>		<b>2,776,446</b>	1,519,817
<b>Cash flows from investing activities</b>			
Interest received		-	1,766
<b>Net cash provided by investing activities</b>		-	1,766
<b>Cash flows from financing activities</b>			
Dividends paid	12	-	(2,200,000)
<b>Net cash used in financing activities</b>		-	(2,200,000)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,776,446</b>	(678,417)
<b>At the beginning of the period/year</b>		<b>900,717</b>	1,579,134
<b>At the end of the period/year</b>	10	<b>3,677,163</b>	900,717

*The above should be read in conjunction with the accompanying notes on pages 11 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 period/year.*

# CoinShares (Jersey) Limited

## Notes to the Financial Statements

For the period ended 30 June 2021

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

### 1 General information

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 will continue to come from management fee income on 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 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

The directors have prepared these financial statements on a going concern basis on the understanding that the Company will continue to meet its obligations as they fall due for at least, but not limited to, 12 months from the date of the signing of these financial statements. The Company's main source of income will continue to arise through net management fee income received from certificates issued by XBTP. The Company was replaced as the principal party for the certificate program by CSCMJL as of 30 June 2019 but continues to provide a guarantee to XBTP through a new agreement with CSCMJL, and so continues to receive a portion of the management fee.

As discussed in the Directors' Report and note 15, CSCMJL has sufficient controls in place to mitigate the risks associated with the guarantee being called upon and so the Company has not accrued a provision in respect of the guarantee.

Additional management fees have been generated by the Company from investment management services provided to GVL, a former subsidiary of CSIL, the Company's ultimate parent and CSDSL a subsidiary of CSHL, the Company's parent company.

#### 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.

## CoinShares (Jersey) Limited

### Notes to the Financial Statements (continued)

For the period ended 30 June 2021

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#### 2 Significant accounting policies (continued)

##### 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.

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 on tracker certificates in order to match the provision of services. PwC conducted a review of the Group's transfer pricing policy during the year to assess the reasonableness of the revenues allocated.

(v) Allocation of Group expenditure: The rates applied to the Company in determining the allocation of these recharges vary between categories of expenditure and those applied during the period 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 period.

## CoinShares (Jersey) Limited

### Notes to the Financial Statements (continued)

For the period ended 30 June 2021

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

##### Sale of services

The Company sells 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.

##### 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 30 June 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 Property, plant and equipment

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

Subsequent expenditure relating to property, plant and equipment 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.

## CoinShares (Jersey) Limited

### Notes to the Financial Statements (continued)

For the period ended 30 June 2021

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#### 2 Significant accounting policies (continued)

##### 2.9 Property, plant and equipment (continued)

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 Cash and cash equivalents

In the Statement of Cash Flows, 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 3rd party brokers.

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

##### 2.12 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.

## CoinShares (Jersey) Limited

### Notes to the Financial Statements (continued)

For the period ended 30 June 2021

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#### 2 Significant accounting policies (continued)

##### 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 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.

##### 2.14 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.

##### 2.15 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 £61,730 (2020: £115,090). Future minimum payments on the current leases total £nil (2020: £nil).

##### 2.16 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%).

##### 2.17 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.

##### 2.18 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.

## CoinShares (Jersey) Limited

### Notes to the Financial Statements (continued)

For the period ended 30 June 2021

#### 3 Revenue

	30 June 2021 £	30 June 2020 £	31 December 2020 £
Management fees	7,327,909	1,377,121	3,719,207
	<b>7,327,909</b>	<b>1,377,121</b>	<b>3,719,207</b>

The Company generated income from net management fees in proportion to the value of tracker certificates issued by XBTP from 1 July 2017. Management fees from the tracker certificates amounted to £7,284,555 (2020: £3,658,261).

Under the terms of a service level agreement effective 1 September 2019 the Company generated additional management fees of £43,354 (2020: £60,946) for the provision of investment management services to GVL, calculated as 1% of AUM payable in arrears on a quarterly basis.

On 21 December 2020 the Company entered a service level agreement with CSDSL and generated management fees of £146,166 (2020: £nil) during the period through the provision of management, administration and marketing services.

#### 4 Administration expenses by nature

Included within administration expenses of £2,677,118 (see page 22) are the following amounts:

	30 June 2021 £	30 June 2020 £	31 December 2020 £
Depreciation of tangible fixed assets	-	8,538	16,660
Fees payable for the audit of the Company's annual accounts	7,550	7,500	11,715
Loss on foreign exchange	134	844	938
Interest expense	698	698	698
Rent (ii)	61,730	57,545	115,090
Revaluation gain on foreign exchange	(43,138)	(105,955)	(81,754)
Salaries (ii)	1,701,884	633,899	1,338,196

(ii) 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 incurred by Group entities are recharged. The amount recharged was subject to annual agreement between the Company and Group entities.

For the period ended 30 June 2021 a total of £1,825,245 (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

	30 June 2021 £	30 June 2020 £	31 December 2020 £
Directors' emoluments	751,259	304,987	594,363
	<b>751,259</b>	<b>304,987</b>	<b>594,363</b>

Directors' emoluments do not include benefits-in-kind received by the directors of £26,885 (2020: £21,099).

Directors' remuneration includes £785,892 (2020: £580,613) recharged to the Company by CSHL.

## CoinShares (Jersey) Limited

### Notes to the Financial Statements (continued)

For the period ended 30 June 2021

#### 6 Taxation

	30 June 2021 £	30 June 2020 £	31 December 2020 £
<b>Corporation tax</b>			
Current tax on profits for the period/year	479,696	56,181	191,374
	<b>479,696</b>	<b>56,181</b>	<b>191,374</b>
<b>Deferred tax</b>	-	-	-
<b>Taxation on profit on ordinary activities</b>	<b>479,696</b>	<b>56,181</b>	<b>191,374</b>
	30 June 2021 £	30 June 2020 £	31 December 2020 £
Profit before taxation	4,796,957	561,809	1,905,878
Tax is calculated at the Jersey tax rate for regulated financial service companies of 10% (2020: 10%)	479,696	56,181	190,588
<b>Effects of:</b>			
Non-qualifying depreciation	-	854	1,666
Capital allowances in excess of depreciation	-	(854)	(1,666)
Prior period adjustment	-	-	786
<b>Total tax charge for the period/year</b>	<b>479,696</b>	<b>56,181</b>	<b>191,374</b>

#### 7 Property, plant and equipment

	Furniture & Fittings £	Office Equipment £	Total £
<b>Cost</b>			
At 1 January 2021	55,579	55,387	110,966
At 30 June 2021	55,579	55,387	110,966
<b>Accumulated depreciation</b>			
Beginning of financial period	55,579	55,387	110,966
Charge for the period	-	-	-
At 30 June 2021	55,579	55,387	110,966
<b>Net book value</b>			
<b>At 30 June 2021</b>	-	-	-
At 31 December 2020	-	-	-

## CoinShares (Jersey) Limited

### Notes to the Financial Statements (continued)

For the period ended 30 June 2021

#### 8 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.

#### 9 Trade and other receivables

	30 June 2021 £	31 December 2020 £
Amounts owed by Group undertakings	-	-
Amounts owed by parent company	3,676,839	1,681,316
Amounts owed by related parties	161,502	78,801
Prepayments and sundry debtors	17,369	18,821
	<b>3,855,710</b>	<b>1,778,938</b>

Included in amounts owed by Group undertakings and related parties are £122,155 (2020: £78,801) of management fee income due from GVL and £39,347 (2020: £nil) due from CSDSL (See note 3).

Amounts owed by the parent company, CSHL, of £3,676,839 (2020: £1,681,316) are made up of transfers and 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.

#### 10 Cash and cash equivalents

	30 June 2021 £	31 December 2020 £
Cash at bank	3,014,549	238,101
Amounts due from broker	662,614	662,616
Cash and cash equivalents	<b>3,677,163</b>	<b>900,717</b>

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

	30 June 2021 £	31 December 2020 £
Trade payables	64,891	700
Amounts payable to parent company	92,293	-
Accrued liabilities	49,396	19,619
Current tax liabilities	540,284	190,588
	<b>746,864</b>	<b>210,907</b>

## CoinShares (Jersey) Limited

### Notes to the Financial Statements (continued)

For the period ended 30 June 2021

#### 12 Share capital

##### Shares classified as equity

	Allotted, called-up and fully paid			
	30 June 2021 Number	30 June 2021 £	31 December 2020 Number	31 December 2020 £
Ordinary shares of £1 each	1	1	1	1
Redeemable shares of £1 each	499,999	499,999	499,999	499,999
	<b>500,000</b>	<b>500,000</b>	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 period.

#### 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.

#### 14 Reserves

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

The directors have not declared a dividend for the period. On 29 May 2020 the Company distributed a dividend of £2,200,000.

#### 15 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 CSCMJL, which hedges the exposure of these liabilities. CSCMJL is a subsidiary of CSHL. CSCMJL has procured a hedge to cover the obligations of XBTP to the certificate holders by having an identical exposure in digital assets. The digital assets held by CSCMJL are pledged as collateral under the collateral management agreement for the benefit of the Company. At 30 June 2021, CSCMJL recorded an unaudited net equity position of £93.9 million (US\$129.8 million) (2020 audited: £50.7 million (US\$69.3 million)).

## CoinShares (Jersey) Limited

### Notes to the Financial Statements (continued)

For the period ended 30 June 2021

#### 15 Guarantee (continued)

The guarantee could be called in the case of extreme events, such as an operational error, hacking or fraud impacting the hedging provided by CSCMJL which results in CSCMJL'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) holding a float of digital assets at the exchanges which is monitored by the trading team to ensure there is a sufficient balance to deal with any redemption requests, (ii) using controls designed to monitor unusual transactions to mitigate factors for human error, (iii) CSCMJL'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, (iv) limiting exposure to currency risk by using US\$ as the functional currency and hedging foreign currency exposures by regularly monitoring all foreign currency denominated assets and liabilities, (v) storing the majority of digital assets offline with an institutional custody service and (vi) using a secure algorithmic trading platform hosted on the cloud. Certain aspects of the cybersecurity of CSCMJL were reviewed by Baker Tilly Channel Islands Limited as they were pertinent to the audit of CSCMJL.

As a result of the controls and processes in place, the directors consider that the risk of being liable as guarantor is very remote, and can not be reliably measured, thus, no provision has been recorded within these financial statements.

#### 16 Related party transactions

The Group consists of the Company and the following investments held by the immediate parent company, CSHL:

Name	Defined as	Investee Relationship	CSHL's Ownership %	Jurisdiction	Date of Acquisition/ Incorporation
CoinShares (UK) Limited	CSUK	Subsidiary	100%	UK	19/04/2017
XBT Provider AB (publ)	XBTP	Subsidiary	100%	Sweden	25/09/2017
CoinShares GP II Limited	CSGP2L	Subsidiary	100%	Jersey	09/02/2018
CoinShares Corporate Services (Jersey) Limited	CSCSJL	Subsidiary	100%	Jersey	25/06/2018
CoinShares Co	CSCo	Subsidiary	100%	USA	01/07/2018
CoinShares Employment Services (Jersey) Limited	CSESJL	Subsidiary	100%	Jersey	09/08/2018
CoinShares Capital, LLC	CS Cap	Subsidiary	100%	USA	18/09/2019
GABI Capital Limited	GCL	Subsidiary	100%	Jersey	30/06/2019
Gold Token SA	GTSA	Joint Venture	50%	Switzerland	08/08/2018
GABI Trading Limited (Asia)	GTLA	Subsidiary	100%	Hong Kong	12/02/2019
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

The Group also includes CSIL, the ultimate parent company, and its interests as listed below:

Name	Defined as	Investee Relationship	CSIL's Ownership %	Jurisdiction	Date of Acquisition/ Incorporation
CoinShares (Holdings) Limited	CSHL	Subsidiary	100%	Jersey	25/04/2017
Glint Limited	N/A	Associate	40%	Jersey	30/09/2017
Komainu Holdings Limited	KHL	Investment	14%	Jersey	04/06/2019
3iQ	N/A	Investment	8%	Canada	22/12/2020
SBG 1260 LLC	N/A	Investment	16%	USA	29/12/2020
Kingdom Service Holdings LLC	N/A	Investment	~1%	USA	09/06/2021

## CoinShares (Jersey) Limited

### Notes to the Financial Statements (continued)

For the period ended 30 June 2021

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#### 16 Related party transactions (continued)

Mr Daniel Masters and Mr Russell Newton directors of GVL, a former subsidiary of CSIL. The Company accrued management fees of £43,354 (2020: £60,946) for the provision of investment management services during the period. A balance of £122,155 (2020: £78,801) was outstanding at 30 June 2021.

Mr Jean-Marie Mognetti is a council member of The Aventus Protocol Foundation ('APF'). The Company entered into an investment management agreement with APF on 24 February 2020 entitling the Company to performance fees. No revenue was generated under this agreement during the period (2020: £nil).

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

#### 17 Controlling party

The Company's immediate parent company is CSHL a company incorporated in Jersey, Channel Islands at 2nd Floor, 2 Hill Street, St Helier, Jersey, JE2 4UA. In the opinion of the directors, CSIL remains the ultimate controlling party as the parent of CSHL.

## CoinShares (Jersey) Limited

### Appendix 1: Detailed administration expenses for the period ended 30 June 2021

	30 June 2021 £	30 June 2020 £	31 December 2020 £
<b>Administration expenses</b>			
Audit and accountancy fees	8,050	16,677	26,177
Consultants and contractors	163,559	151,372	304,214
Depreciation	-	8,538	16,660
Directors salaries and national insurance	778,144	328,344	644,840
Entertainment	-	77	77
General expenses	68,193	45,055	80,831
Interest expense	-	698	698
Issuer expenses	639,420	-	-
Legal fees	154	-	1,890
Marketing	21,389	-	-
Office expenses	1,548	1,360	50
Professional fees	54,195	5,168	10,228
Loss on foreign exchange	134	844	938
Rent	61,730	57,545	115,090
Staff salaries	923,740	305,555	693,356
Travel and hotel accommodation	-	1,688	1,688
Revaluation gain on foreign exchange	(43,138)	(105,955)	(81,754)
	<b>2,677,118</b>	<b>816,966</b>	<b>1,814,983</b>

<b>TITLE</b>	2021-06-30-CoinShares-(Jersey)-Limited-FRS-102-FS-V1
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