

Bitstamp Ltd

Annual Report and Unaudited Financial Statements
for the Year Ended 31 December 2017

Bitstamp Ltd

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Bitstamp Ltd

Company Information

Directors

N Kodric
D Merlak
D Morehead

Registered office

5 New Street Square
London
EC4A 3TW

Bitstamp Ltd

(Registration number: 08157033) Balance Sheet as at 31 December 2017

	Note	2017 €	2016 €
Fixed assets			
Intangible assets	<u>4</u>	5,939,419	-
Tangible assets	<u>5</u>	382,353	170,350
Investments	<u>6</u>	2,000,000	2,826,378
		<u>8,321,772</u>	<u>2,996,728</u>
Current assets			
Debtors	<u>7</u>	82,314,296	1,402,893
Cash at bank and in hand		1,555,997,675	61,576,298
		<u>1,638,311,971</u>	<u>62,979,191</u>
Creditors: Amounts falling due within one year	<u>8</u>	<u>(1,594,382,344)</u>	<u>(61,099,250)</u>
Net current assets		<u>43,929,627</u>	<u>1,879,941</u>
Total assets less current liabilities		52,251,399	4,876,669
Creditors: Amounts falling due after more than one year	<u>8</u>	<u>(623,516)</u>	<u>(970,831)</u>
Net assets		<u>51,627,883</u>	<u>3,905,838</u>
Capital and reserves			
Called up share capital	<u>9</u>	1,745	1,652
Share premium reserve		8,451,063	5,430,073
Profit and loss account		43,175,075	(1,525,887)
Total equity		<u>51,627,883</u>	<u>3,905,838</u>

For the financial year ending 31 December 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

The notes on pages 4 to 12 form an integral part of these financial statements.

Bitstamp Ltd

(Registration number: 08157033)
Balance Sheet as at 31 December 2017

Approved and authorised by the Board on 25 September 2018 and signed on its behalf by:

.....

N Kodric
Director

The notes on pages 4 to 12 form an integral part of these financial statements.

Bitstamp Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
5 New Street Square
London
EC4A 3TW

The principal place of business is:
Dalmatinova Ulica 2
1000 Ljubljana
Slovenia

These financial statements were authorised for issue by the Board on 25 September 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Group accounts not prepared

The company is exempt from the requirement to prepare consolidated financial statements under S398 of the Companies Act 2006 on the grounds that the company and its subsidiaries are a small group..

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Bitstamp Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	25% straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Bitstamp Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Bitstamp Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 1 (2016 - 1).

4 Intangible assets

	Other intangible assets €	Total €
Cost or valuation		
Additions acquired separately	5,939,419	5,939,419
At 31 December 2017	5,939,419	5,939,419
Amortisation		
Carrying amount		
At 31 December 2017	5,939,419	5,939,419

The aggregate amount of research and development expenditure recognised as an expense during the period is €Nil (2016 - €Nil).

Bitstamp Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

5 Tangible assets

	Other tangible assets €	Total €
Cost or valuation		
At 1 January 2017	346,708	346,708
Additions	339,795	339,795
	686,503	686,503
At 31 December 2017		
Depreciation		
At 1 January 2017	176,358	176,358
Charge for the year	127,792	127,792
	304,150	304,150
At 31 December 2017		
Carrying amount		
At 31 December 2017	382,353	382,353
At 31 December 2016	170,350	170,350

6 Investments

	2017 €	2016 €
Investments in subsidiaries	2,000,000	2,826,378
Subsidiaries		€
Cost or valuation		
At 1 January 2017		2,826,378
Provision		
Provision		826,378
Carrying amount		
At 31 December 2017		2,000,000
At 31 December 2016		2,826,378

Bitstamp Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
Bitstamp, Inc.	USA	Ordinary shares	100%	100%
Bitstamp Europe SA		Luxembourg	Ordinary shares	100%

The principal activity of Bitstamp, Inc. is Bitcoin exchange

The principal activity of Bitstamp Europe SA is Bitcoin exchange

The loss for the financial period of Bitstamp, Inc. was €104,350 and the aggregate amount of capital and reserves at the end of the period was €398,018.

The loss for the financial period of Bitstamp Europe SA was €607,402 and the aggregate amount of capital and reserves at the end of the period was €1,283,797.

7 Debtors

	2017 €	2016 €
Trade debtors	81,162,636	716,356
Prepayments	199,689	48,020
Other debtors	951,971	638,517
	<u>82,314,296</u>	<u>1,402,893</u>

Bitstamp Ltd

Notes to the Financial Statements for the Year Ended 31 December 2017

8 Creditors

Creditors: amounts falling due within one year

	2017 €	2016 €
Due within one year		
Trade creditors	1,571,221,158	58,815,345
Taxation and social security	22,188,284	2,182,470
Accruals and deferred income	715,698	101,435
Other creditors	257,204	-
	1,594,382,344	61,099,250

Creditors: amounts falling due after more than one year

	Note	2017 €	2016 €
Due after one year			
Loans and borrowings	<u>10</u>	154,787	321,551
Other non-current financial liabilities		468,729	649,280
		623,516	970,831

9 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	€	No.	€
Ordinary shares of €0.01126 each of €0.01 each	100,000	1,126.00	100,000	1,126.00
Ordinary shares of €0.01331 each of €0.01 each	16,362	217.78	16,362	217.78
Ordinary shares of €0.01228 each of €0.01 each	1,391	17.08	1,391	17.08
Ordinary shares of €0.013313 each of €0.01 each	49	0.65	49	0.65
Ordinary shares of €0.01376 each of €0.01 each	49	0.67	49	0.67

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Notes to the Financial Statements for the Year Ended 31 December 2017

Ordinary shares of €0.014202 each of €0.01 each	49	0.70	49	0.70
Series A shares of €0.014137 each of €0.01 each	20,000	282.74	20,000	282.74
Ordinary shares of €0.0128 each of €0.01 each	49	0.63	49	0.63
Ordinary shares of €0.01351 each of €0.01 each	278	3.76	278	3.76
Ordinary shares of €0.013903 each of €0.01 each	118	1.64	118	1.64
Series B shares of €0.011689 of €0.01 (2016 - €0) each	1,755	20.51	-	-
Series B shares of €0.011557 of €0.01 (2016 - €0) each	1,153	13.33	-	-
Series B shares of €0.01158 of €0.01 (2016 - €0) each	5,163	59.79	-	-
	<u>146,416</u>	<u>1,745</u>	<u>138,345</u>	<u>1,652</u>

10 Loans and borrowings

	2017 €	2016 €
Non-current loans and borrowings		
Other borrowings	<u>154,787</u>	<u>321,551</u>

11 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of contingencies not included in the balance sheet is €3,275,500 (2016 - €Nil). In 2018 the group received a formal claim from a customer of approximately \$3.5million. This claim is at an early stage and while it is not possible to ascertain the ultimate legal and financial liability in respect of this claim, the group believes it will not have a significant impact on its financial position.

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Notes to the Financial Statements for the Year Ended 31 December 2017

12 Related party transactions

Key management personnel

Nejc Kodric
Damijan Merlak

Summary of transactions with key management

At 31 December 2017 and 2016, amounts payable relate to advances made by the management to the company.

Nejc Kodric and Damijan are the majority shareholders of the issued share capital of the company.

At year end the following amounts were due to them:

Nejc Kodric €87,041 (2016: €170,423)

Damijan Merlak €67,746 (2016: €151,128)

13 Off-balance sheet arrangements

Off-Balance Sheet Commitments - crypto-currencies

As part of its business activities, the company holds various classes of crypto-currencies on behalf of its customers. The company has no responsibilities nor any obligations in relation to the custody of such crypto-currencies and it derives no economic benefit from the crypto-currencies it holds on behalf of its customers.

The company's business could be negatively impacted by security breaches or fraud leading to the loss of these crypto-currencies.

At 31 December 2017 the off-balance sheet commitments relating to crypto-currencies held by the company on behalf of its customers amounted to €3,158,836,991 (2016: €125,975,183).

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