

**elven**

Elven Global Crypto Financial Reporting Research

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# Deep Dive into Singapore Crypto Financial Reporting

Elven Research September 2024



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## Report Introduction

Accounting for cryptocurrency has been a challenge. The discussion of accounting for holdings of cryptocurrencies under IFRS started from Dec 2016 and concluded with the release of an agenda decision by IFRS Interpretations Committee (IFRIC) in June 2019. ISCA released a Financial Reporting Guidance in March 2020 to further guide preparers of financial statements with cryptocurrency holdings.

Elven reviewed financial statements of 9 MAS licensed blockchain entities for FYE 31 December 2023. 7 entities had the MPI license while 2 entities had the RMO / CMS license.

### **Key Findings:**

1. Out of the 9 entities, only Blockchain.com and Independent Reserve had customer crypto assets on their balance sheet.
2. Crypto.com holds customer crypto assets with its related parties.
3. Many exchanges do not have cryptocurrency on their balance sheet. Metacomp accounts for BTC/ETH as Intangible asset and USDC and USDT as inventory.
4. Coinmarketcap.com is a popular pricing source with Blockchain.com and Metacomp referring to them.
5. While most entities account for FV changes of their crypto fair value in profit and loss statement, Metacomp and IX Swap have revaluation of Intangible Asset as their accounting policy and hence account for change of their crypto fair value in OCI for gains.

## Research Methodology

In this report, Elven reviewed financial statements of 9 MAS licensed blockchain entities for FYE 31 December 2023. 7 entities had the MPI license while 2 entities had the RMO / CMS license. The financial statements were retrieved from bizfile.

### Publications referred to

1. In June 2019, IFRS Interpretations Committee (IFRIC) released an agenda decision on holdings of crypto currencies.
2. In December 2019, PwC released a report <<Cryptographic assets and related transactions: accounting considerations under IFRS>>
3. In March 2020, ISCA , through its Financial Reporting Committee (FRC) and FRC Core Sub-Committee, issued the Financial Reporting Guidance (FRG) to guide preparers, who report under Singapore Financial Reporting Standards (International) (SFRS(I)s), International Financial Reporting Standards (IFRSs) or Financial Reporting Standards issued by the Accounting Standards Council (FRSs), on the accounting for holdings of cryptocurrencies.

# Crypto Assets Accounting Standards (IFRS)

## Accounting Policy

- How to account for crypto on balance sheet

Other than cryptocurrencies, cryptoassets include other types of cryptoassets such as utility tokens, asset tokens and security tokens.

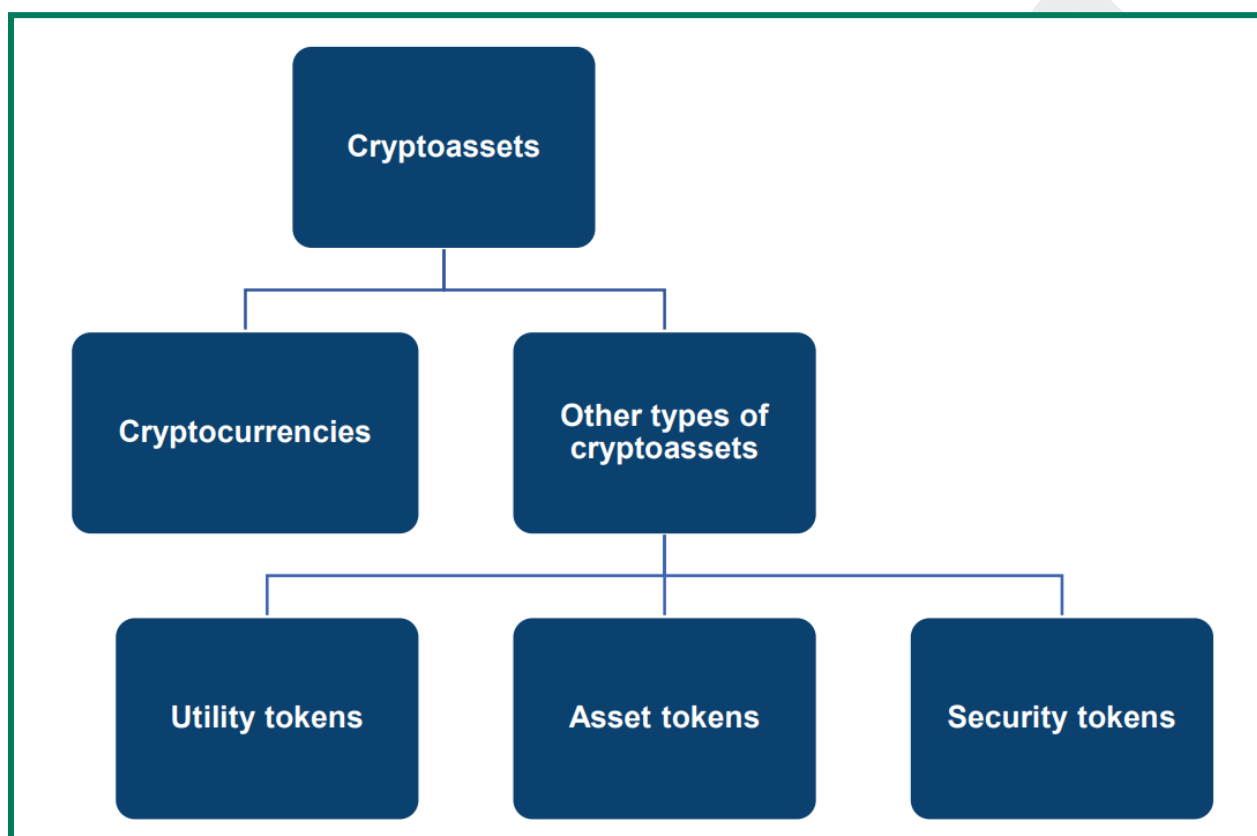


Figure 1: Cryptocurrencies, compiled by elven research

Source: [ISCA](#)

Cryptocurrencies: A digital or virtual currency that uses cryptography for security. A cryptocurrency is difficult to counterfeit because of this security feature. A defining feature of a cryptocurrency, and arguably its most endearing allure, is its organic nature; it is not issued by any central authority, rendering it theoretically immune to government interference or manipulation.” Cryptocurrencies are used as payment for acquiring goods or services or transfer of funds. BTC and ETH are examples of cryptocurrencies.

Utility tokens: Utility tokens provide the holder with rights to access a product or service.

Asset tokens: Asset tokens provide the holder with rights to an asset. Rights to assets may be split among many holders by “tokenising” them. In this way, the issued tokens, called asset tokens, indicate rights over a stake in these underlying assets. Examples of assets which could be “tokenised” range from real estate, rare collectibles like paintings, to intellectual property (which could, for example, represent rights over licenses and automate distribution of royalties). USDC is an example of an Asset Token.

Security tokens: Security tokens provide the holder with rights to a security. Security tokens are similar in nature to an interest in the debt or equity of the issuer by, for instance, giving the holder the right to a share of future profits or cash flows.

Under IFRS, cryptocurrencies is classified into Inventories and Intangible Assets:

Applicable FRS	Classification	Subsequent measurement basis
FRS 2 <i>Inventories</i>	Inventory	Lower of cost and net realisable value
	Inventory held by entity acting as broker-trader	Fair value less costs to sell
FRS 38 <i>Intangible Assets</i>	Intangible asset – cost model	Cost less any accumulated amortisation and any accumulated impairment losses
	Intangible asset – revaluation model*	Fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses <sup>11</sup>

Figure 2: Cryptocurrencies applicable FRS, compiled by elven research

Source: [ISCA](#)

Are customer crypto asset on the balance sheet?

i) Many times crypto entities will have customer asset held with them. The question is a matter of judgement and we take reference from IAS 32

The two basic requirements of IAS 32 are that offsetting is applied if, and only if, an entity:

- a. currently has a legally enforceable right to set-off the recognised amounts; and

b. intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii) In many instances, it will be clear with little or no analysis that the offsetting criteria are not met. In other cases, more analysis might be required.

iii) PWC took reference from IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and concluded that cryptographic assets held on behalf of the customers should be on or off balance sheet is a matter of judgement, and it might vary depending on the facts and circumstances listed above. As a result, there is not a 'one size fits all' answer.

## Key Findings from MAS licensed audit reports

We reviewed financial statements of 9 MAS licensed crypto entities and present our findings below.

1. Are customer crypto asset on the balance sheet?

Out of the 9 entities, only Blockchain.com and Independent Reserve had customer crypto asset on their balance sheet.

<b>BLOCKCHAIN.COM (SINGAPORE) PTE. LTD.</b> <i>Company Registration No.: 201817211W</i>		
<b>NOTES TO THE FINANCIAL STATEMENTS</b> <i>For the financial year ended 31 December 2023</i>		
<b>13</b>	<b>CRYPTO DIGITAL ASSETS (Continued)</b>	
	As at reporting date, crypto digital assets held for customers are denominated in the following crypto digital asset tokens in units:	
		<b><u>2023</u></b> <b><u>2022</u></b>
	Tether	500,423
	USD Coin	39,801                      -
	Solana	7,800                              -
	Bitcoin	43                                      -
	Ethereum	34                                      -
		<hr style="width: 100%; border: 0.5px solid black;"/>

Figure 3: Customer Crypto Asset on Blockchain.com FS, compiled by elven research  
Source: Blockchain.com FS



## 2. How to account for crypto held under custody?

Crypto.com holds customer crypto asset with its related parties.

FORIS DAX ASIA PTE. LTD. (Co. Reg. No. 201917495R)		
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2023		
<b>4. TRADE RECEIVABLES</b>		
	<b>2023</b>	<b>2022</b>
	US\$	US\$
Receivable from third party acquirer	313,595	442,746
Related company - digital assets (note 9)	209,568,870	90,226,913
	<u>209,882,465</u>	<u>90,669,659</u>
Trade receivables are denominated in following currencies:		
	<b>2023</b>	<b>2022</b>
	US\$	US\$
SGD	313,595	442,746
USD	209,568,870	90,226,913
	<u>209,882,465</u>	<u>90,669,659</u>
<p>The Company operates a wallet application ("digital wallet") hosted on Crypto.com. Based on the respective rights and obligations of the Company and its related companies (the "Group") and its customers under various agreements, digital assets (including crypto assets) stored by the Company's customers in their digital wallets on Crypto.com are held by the related company on behalf of the Company's customers in designated customer accounts and trade receivable due from a related company with a corresponding liability due to the customer recorded as trade payable (note 9 to the financial statements) are recorded in the Company's books. Both trade receivables due from a related company and trade payables due to customers in respect of the digital assets are measured at fair value through profit or loss. The related company maintains and manages the cryptographic keys necessary to access the crypto assets stored by the Company's customers in their digital wallets hosted on Crypto.com and is obligated to safeguard them from loss, theft, or other misuse.</p> <p>Upon a customer's request to withdraw digital assets, the Group transfers the digital assets from customer's digital wallets hosted on Crypto.com to the third-party wallet address as instructed by the customer and the related trade receivable due from a related company and trade payables due to customers recorded in the Company's books are derecognised.</p> <p>During the year ended 31 December 2023, no losses have been incurred by the Company's customers in connection with their crypto assets stored in the digital wallets on Crypto.com.</p>		

Figure 4: Crypto held under custody on Crypto.com FS, compiled by elven research  
Source: Crypto.com FS

### 3. Initial Recognition of Crypto

Many exchanges do not have cryptocurrency on their Balance sheet. Metacomp accounts for BTC/ETH as Intangible asset while USDC and USDT are inventory.

Company	License	Main Business	Initial Recognition of Crypto
<b>Blockchain.com</b> <u>Blockchain</u>	SG MPI Licensed	OTC Trading	Inventory, changes in P/L
<b>METACOMP</b> <u>METACOMP</u>	SG MPI Licensed	OTC trading	BTC and ETH - Intangible asset, Revaluation model USDC and USDT - Inventory
<b>CIRCLE</b> <u>Circle</u>	SG MPI Licensed	Stablecoin Issuer	Crypto - Intangible Asset at Cost USDC - Financial Asset
<b>FOMO Pay</b> <u>FOMO Pay</u>	SG MPI Licensed	Payment Services	Inventory, changes in P/L
<b>coinbase</b> <u>Coinbase</u>	SG MPI Licensed	Exchange	Nil
<b>crypto.co</b> <u>Crypto</u>	SG MPI Licensed	Exchange	Nil
<b>Indepen Reserve</b> <u>Independent Reserve</u>	SG MPI Licensed	Exchange	Nil
<b>DigiFT</b> <u>DigiFT</u>	SG CMS/ RMO Licensed	Exchange	Inventory, At Cost
<b>IX Swap®</b> <u>IX Swap</u>	SG CMS/ RMO Licensed	Exchange	Intangible Asset, Revaluation Model

Figure 5: Table showing Crypto accounting policy, compiled by elven research

Source: Licensed Crypto Entity FS

#### 4. Subsequent Measurement

74dbaa5ae2811e51562cb26bcd84bf62fb2443b204204463c7e5e817cbdbe5d0

**DigiFT Tech (Singapore) Pte. Ltd.**

**NOTES TO THE FINANCIAL STATEMENTS**  
*For the financial year ended 31 December 2023*

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**2. Material accounting policy information (continued)**

**2.7 Inventories**

The Company holds cryptographic assets (primarily Ethereum) to support its operating requirements and accordingly, accounts for these cryptographic assets as inventories.

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. The Company concluded that there are no significant costs necessary to make the sale of the cryptographic assets and accordingly determines the net realisable value based on the published prices widely available on established pricing platforms.

When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

*Figure 6: Inventory measured at cost on DigiFT FS, compiled by elven research*

Source: DigiFT FS

**BLOCKCHAIN.COM (SINGAPORE) PTE. LTD.***Company Registration No.: 201817211W***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2023***2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)****2.9 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and is subject to an insignificant risk of changes in value.

**2.10 Crypto digital assets****Initial recognition and measurement**

At initial recognition, the Company measures crypto digital asset at its cost. The Company only holds crypto digital assets for trading with the intention of creating asset liquidity for asset conversion within its digital platform.

The Company's crypto digital assets mainly comprise of stablecoins, which are either held for the counterparties or placed with counterparties or related companies.

***Crypto digital assets held for customers or placed with counterparties***

Crypto digital assets are recognised as the Company's assets when the Company presents rights to the crypto digital assets and the right is to an economic benefit and control others' access to the benefit. If it is determined that the Company has the control over the crypto digital assets, the Company recognises Crypto digital assets held for customers as its assets and recognises a corresponding liability due to its customers for the crypto digital assets in its financial statements.

**Subsequent measurement**

Cryptocurrencies classified as held for trading are measured at fair value, and changes in fair value are recognised in the profit or loss.

*Figure 7: Inventory measured at FV on Blockchain.com FS, compiled by elven research*

Source: Blockchain.com FS

## 5. Pricing

Coinmarketcap.com is a popular pricing source with Blockchain.com and Metacomp referring to them.

### b) Fair value measurements of assets and liabilities that are measured at fair value

Stablecoins, cryptocurrency assets, liabilities for cryptocurrency assets are measured at Level 1 at the fair value hierarchy. Fair values of cryptocurrency assets are obtained using the quoted market price on the exchange “Independent Reserve” (www.independentreserve.com) at the closing time of 00:00 Coordinated Universal Time (“UTC”) on 1 July (“Close”). The quoted market price is based on the price of the last transaction prior to the Close.

Figure 8: Independent Reserve pricing on Independent Reserve FS, compiled by elven research

Source: Independent Reserve FS

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### (a) Fair value estimation

The fair value of the crypto digital assets traded in active markets (Bitcoins, Ethereum, US Digital Coin and Tether) is based on quoted market prices at the end of reporting period. The Company uses coinmarketcap.com as the source of market data to quote its crypto digital assets and the closing time price quoted on 31 December 2023 at 11:59 PM Coordinated Universal Time (“UTC”)

BLOCKCHAIN.COM (SINGAPORE) PTE. LTD. 24

93b062b8fffe79e24420e2afd51c6c0ba8cab987e0ba3eb3ac3d464decd95ea7

time (“Close”). The quoted market price is based on the price of the last transaction prior to the Close. Coinmarketcap.com is derived from an index methodology where prices from leading exchanges are shortlisted with knockout of highest and lowest price, and remaining prices averaged using standard average formula.

Figure 9: Coinmarketcap.com on Blockchain.com FS, compiled by elven research

Source: Blockchain.com FS

*Fair value estimation*

The fair value of the crypto assets traded in active markets (Bitcoins, Ethereum, US Digital Coin and Tether) is based on quoted market prices at the end of reporting period. The Company uses CoinMarketCap as the source of market data to quote its crypto assets and the closing time price quoted on 31 December 2023 at 11:59 PM UTC time.

Figure 10: Coinmarketcap.com on Metacomp FS, compiled by elven research  
Source: Metacomp FS

IC SG PTE. LTD

**NOTES TO FINANCIAL STATEMENTS**  
For the Financial Year Ended 31 December 2023

9. **Intangible assets (Continued)**

**Intangible assets at fair value:**

	<u>2023</u>	<u>2022</u>
	\$	\$
<u>Investment tokens</u>		
At beginning of the financial year	21,484	-
Addition	69,150	68,551
Written off	(8,193)	-
Revaluation gain/(loss)	752,592	(45,528)
Exchange loss	(1,557)	(1,539)
At end of the financial year	<u>833,476</u>	<u>21,484</u>

The business model of the Company for holding the investment tokens is not for trading and the intent is to earn income while holding those tokens.

Active markets are present.

The fair value obtained from observable inputs of an active exchange market with enough frequency and volume to provide pricing information on an ongoing basis.

Figure 11: Active markets on IX Swap FS, compiled by elven research  
Source: IX Swap FS

6. P/L / OCI

While most entities account for FV changes of their crypto fair value in profit and loss statement, Metacomp and IX Swap have revaluation of Intangible Asset as their accounting policy and hence account for change of their crypto fair value in OCI for gains.

<b>Metacomp Pte. Ltd.</b>			
<b>Statement of comprehensive income</b>			
<b>For the financial year ended 31 December 2023</b>			
	<b>Note</b>	<b>2023</b> S\$	<b>2022</b> S\$
<b>Net Revenue</b>	10	3,573,983	383,082
<b>Expenses</b>			
Trade operating expense	11	(36,353)	(4,858)
Consultancy fee	15	(2,874,480)	(1,855,966)
Legal and professional fees		(192,802)	(101,760)
Intercompany Cost Sharing - IT expenses	15	(1,810,846)	(1,617,178)
Other operating (expenses)/gain	12	(213,901)	1,916
Exchange loss		(60,774)	(3,344)
<b>Operating Expense</b>		<u>(5,189,156)</u>	<u>(3,581,190)</u>
<b>Operating Loss</b>		(1,615,173)	(3,198,108)
Interest expense		(3,974)	-
Interest income		9,229	-
<b>Loss before tax</b>		<u>(1,609,918)</u>	<u>(3,198,108)</u>
Income tax expense	13	-	-
<b>Loss after tax for the year</b>		<u>(1,609,918)</u>	<u>(3,198,108)</u>
<b>Other comprehensive income:</b>			
<b>Items that may not be reclassified subsequently to profit or loss:</b>			
Net gain/(Reversal of Net Gain) arising on fair value of Cryptoassets not held for trading		99,680	(93,235)
<b>Total other comprehensive income</b>		<u>99,680</u>	<u>(93,235)</u>
<b>Total comprehensive loss for the year</b>		<u>(1,510,238)</u>	<u>(3,291,343)</u>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

Figure 12: OCI on Metacomp FS, compiled by elven research

Source: Metacomp FS

## Conclusion

Under the IFRS, the financial reporting issues are diverse and highly dependent on entity specific facts and circumstances. No uniform or definitive answers currently exist as the technology and regulations evolve constantly.

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update [\(ASU\) 2023-08](#), Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets. This update mandates that crypto assets be accounted for at fair value, with changes recognized in profit or loss. Several U.S.-listed entities, including Core Scientific, Marathon Digital Holdings, Block, and Riot Platforms, have already adopted the ASU.

While a standardized accounting method may lead to more consistent and useful financial statements, the industry will need to wait for IFRS to incorporate new standards or guidance. Preparers of financial statements will need to ensure that the related accounting and disclosures are appropriate and adequate.



## About Elven

### Professional crypto accounting software

Elven is a professional crypto accounting software designed for OTC, payment, exchanges, and Web3 projects, facilitating regulatory compliance, audit readiness, and accounting automation. Elven has received SOC 2 Type 1 & Type 2 and SOC 1 Type 2 audit reports from Insight Assurance, we are firmly committed and invested in data security and information privacy with our clients.

Trusted by more than 800 industry-leading enterprises in the Web3 sphere, including Hashkey and Coinhako, Elven provides comprehensive solutions such as integrated fiat and crypto accounting, streamlined technical support, 24/7 advisory assistance, and SOC2 audited security.



### Customers



## How Elven can help to prepare for audit?

### 1. Original Currency Accounting for Asset and Liability Accounts:

In Elven, both asset and liability accounts support accounting in their original currencies. To reflect customer assets in financial statements, corresponding asset and liability accounts can be created and set to original currency accounting.

The screenshot shows the 'Ledger' section of the Elven OTC interface. It features a table with columns: Account ID, Account name, Balance Type, Auxiliary Code, Original Currency, Cash Account, Description, and Created By. Two rows are highlighted with red boxes: '100-05 Crypto assets - held for customers' and '200-01 Customer deposits'. The interface also includes navigation tabs like 'Journals', 'Trial Balance', and 'Chart Of Account', along with an 'Add New' button.

Account ID	Account name	Balance Type	Auxiliary Code	Original Currency	Cash Account	Description	Created By
100-041	Customer margin loans	Dr.		✓			moyan
100-05	Crypto assets - held for customers	Dr.	Account	✓			System
200	Liabilities						System
200-00	Accounts payable	Cr.	User	✓			System
200-01	Customer deposits	Cr.	User	✓			System
200-02	Customer crypto futures	Cr.	future product / positiv				moyan
200-03	Client margin	Cr.	User	✓			moyan
200-04	Customer deposits - staking	Cr.	User	✓			moyan

Using automation rules, when generating journal entries, you can choose to record value changes to these specific accounts.

The screenshot shows the 'Automation' section of the Elven OTC interface. It displays a table of automation rules with columns: Name, Data name, Conditions, Action / Journal, Action / Entry, and Status. Two rules are highlighted with red boxes: 'Customer deposits - Crypto' and 'Customer withdraw - USD'. The interface includes navigation tabs like 'Transfer', 'Trade', and 'Gain/Loss', along with an 'Add Rule' button.

Name	Data name	Conditions	Action / Journal	Action / Entry	Status
4 Customer deposits - Crypto	settlement	settlement_type = asset received asset_currency is Crypto Assets	Create Journal: Journal type is Customer deposit Timezone = "UTC(UTC+00:00)" Ref No. = settlement_id Additional Item = [transaction_id.note.u	Dr: Crypto assets - held for customers: Auxiliary Code. = "Cobo" Currency = asset_currency Original Amount = quantity Reporting Amount = quantity*(Exchange rate)  Cr: Customer deposits: Auxiliary Code. = user_id Currency = asset_currency Original Amount = quantity Reporting Amount = quantity*(Exchange rate)	<input checked="" type="checkbox"/>
5 Customer withdraw - USD	settlement	settlement_type = asset send asset_currency = USD	Create Journal: Journal type is Customer withdraw Timezone = "UTC(UTC+00:00)" Ref No. = settlement_id Additional Item = [transaction_id.note.u	Dr: Customer deposits: Auxiliary Code. = user_id Currency = asset_currency Original Amount = quantity Reporting Amount = quantity*(Exchange rate)  Cr: Cash - held for customers: Auxiliary Code. = "DBS" Currency = asset_currency Original Amount = quantity Reporting Amount = quantity*(Exchange rate)	<input checked="" type="checkbox"/>

## 2. Initial Measurement of Cryptocurrency:

Based on accounting requirements, various types of asset accounts can be created in Elven.

The screenshot shows the 'Ledger' section of the Elven OTC system. It displays a table of accounts under the 'Assets' category (Account ID 100). The table includes columns for Account ID, Account name, Balance Type, Auxiliary Code, Original Currency, Cash Account, Description, and Created By. A red box highlights the following rows:

Account ID	Account name	Balance Type	Auxiliary Code	Original Currency	Cash Account	Description	Created By
100-00	Cash	Dr.	Account	✓	✓		System
100-01	Crypto assets	Dr.	Account	✓			System
100-02	Inventory	Dr.	Account	✓			System
100-04	Financial assets	Dr.	Account	✓			System
100-041	Intangible assets	Dr.		✓			moyan
100-05	Stable Coin	Dr.	Account	✓			System
100-06	USDC	Dr.	Account	✓			System

Using automation rules for accounting for cryptocurrency transactions, crypto assets are recorded in the appropriate accounts based on data platforms, counterparty, and currency.

The screenshot shows the 'Transactions' section of the Elven OTC system, specifically the 'Automation' tab. It displays a table of automation rules with columns for Priority, Name, Conditions, Action / Journal, Action / Entry, and Status. Two rules are shown:

Priority	Name	Conditions	Action / Journal	Action / Entry	Status
1	Spot Buy - Stable Coin	Type = Spot Buy Currency in USDC, USDT	Create Journal: Journal Type is Purchase of stable coin Ref No. = Trade Id	<b>Dr: Stable Coin:</b> Auxiliary Code:Account = TRADE.ACCOUNT Currency = Counter_asset Original Amount = Counter_amount Reporting Amount = Counter amount(SGD)  Cr: Cash Currency = SGD Reporting Amount = Counter amount(SGD)	<input checked="" type="checkbox"/>
2	Spot Buy - Inventory	Type = Spot Buy Platform in Binance	Create Journal: Journal Type is Inventory Ref No. = Trade Id	<b>Dr: Inventory</b> Auxiliary Code:Account = TRADE.ACCOUNT Currency = Counter_asset Original Amount = Counter_amount Reporting Amount = Counter amount(SGD)  Cr: Cash Currency = SGD Reporting Amount = Counter amount(SGD)	<input checked="" type="checkbox"/>

## 3. Subsequent Measurement:

Elven allows for automatic adjustment calculations based on the price changes of crypto assets, including the calculation of the fair value of assets and the realized gain or loss on disposed assets.

Deep Dive into Singapore Crypto Financial Reporting

**Elven OTC**

## Valuation

Recalculate

Crypto Fiat (FX) Future Options Broker Inventory Assets Price Automation

### Records

Cost Basis Method

**Acquisition**  
Recording the acquisition quantity and price of crypto assets and liabilities

**Lots**  
Recording the quantity, cost, and usage of lots

**Disposal**  
The disposal quantity, price of crypto assets and liabilities, and realized gains and losses

**Adjusting**  
unrealized gains and losses due to changes in crypto currency prices

### Summary

Period 2023/01/01 - 2023/12/31 Export

	Currency	Fair Value (Beginning)	Fair Value (Ending)	Cost Basis	Unrealized Gain(Loss)	Short Term Realized Gain(Loss)	Long Term Realized Gain(Loss)
	<b>Assets 18</b>	<b>\$1,282,458.07</b>	<b>\$41,415,766.29</b>	<b>\$25,271,606.94</b>	<b>\$19,413,020.20</b>	<b>-\$88,383.04</b>	<b>-\$48,692.59</b>
1	UST UST	\$6,656.89 320,688.62	\$7,232.14 320,688.62	\$299,485.79	\$712.69	-	-
2	Rocket Pool RPL	\$0 0	\$6,418.55 214.67	\$9,723.20	-\$3,304.65	-\$0	-
3	Ampleforth AMPL	\$68,623.28 50,121.89	\$51,833.12 50,121.89	\$46,326.92	-\$13,997.99	-	-
4	Magic Internet Money	\$499.24 500	\$500.47 500	\$500.35	-\$0.32	-	-
5	Dai Stablecoin DAI	\$0 0	\$464,976.22 464,846.33	\$436,202.02	\$28,774.20	-	-
6	Multi...	\$106.99	\$45.38	...	...	-	-

## Valuation

Crypto Fiat (FX) Future Options Broker Inventory Assets Price Automation

### Adjusting

Type: All

ty Code	Opening	Debit	Credit	Closing	Closing Price	Market Value	Unrealized Gain(Loss)	Journal No.
5d9	\$464,955.33 464,846.33 DAI	\$0 0 DAI	\$0 0 DAI	\$464,955.33 464,846.33 DAI	\$1.00	\$464,363.14	-\$592.19	UGA-07749
um-	\$3,430,820.74 1,000 ETH	\$0 0 ETH	\$0 0 ETH	\$3,430,820.74 1,000 ETH	\$3,392.20	\$3,392,195.63	-\$38,625.11	UGA-10963
allet	-\$10,008 -10 USDT	\$0 0 USDT	\$0 0 USDT	-\$10,008 -10 USDT	\$1.00	-\$10.00	-\$0.009	UGL-00210
5d9	\$19,899.55 19,885.00 SUSD	\$0 0 SUSD	\$0 0 SUSD	\$19,899.55 19,885.00 SUSD	\$1.00	\$19,863.67	-\$35.87	UGA-07254
5d9	\$227,592.69 227,524.71 USDC	\$0 0 USDC	\$0 0 USDC	\$227,592.69 227,524.71 USDC	\$1.0002	\$227,580.72	-\$11.97	UGA-09166
5d9	\$3,043.01 73,623.009 EDEN	\$0 0 EDEN	\$0 0 EDEN	\$3,043.01 73,623.009 EDEN	\$0.04	\$2,807.33	-\$235.68	UGA-09850
5d9	-\$2,610,784.56 -2,608,736.49 USDT	\$0 0 USDT	\$0 0 USDT	-\$2,610,784.56 -2,608,736.49 USDT	\$1.00	-\$2,608,560.93	\$2,223.63	UGA-06054

Total: 16,953    20 /Page

← 1 2 3 4 5 6 ... 848 →

**Valuation**

Disposal

Type: All Currency: All

Currency	Lots	Quantity	Disposal Price	Amount	Cost Basis	STRG(L)	LTRG(L)
ETH	L-ETH-1	8.5799695218...	\$3,389.16	\$29,078.92	\$10,267.47	\$0	-\$18,811.45
ETH	ETH-4	300	\$1,196.61	\$358,983.92	\$358,983.92	\$0	\$0
ETH	ETH-4	300	\$1,196.61	\$358,983.92	\$358,983.92	\$0	\$0
USDT	USDT-7 USDT-8	117,779.197748	\$1.00	\$117,525.17	\$117,829.95	-\$228.33	-\$76.45
USDT		0	\$1.00	\$0	\$0	\$0	\$0
USDT	USDT-7	194	\$1.00	\$193.93	\$194.07	-\$0.14	\$0
USDT	USDT-7	12,690.081761	\$1.00	\$12,681.11	\$12,694.78	-\$13.67	\$0

Total: 122 20 /Page

It supports configuration of cost pricing methods according to financial needs for calculating realized gains and losses.

**Set cost basis method**

Select the method for calculating your Cost Basis.

First in, first out (FIFO)

First in, first out (FIFO)

Cost average

## 4. Pricing Configuration:

The default price source used for calculating asset fair value is Coingecko, but users can also upload custom price sources.

The screenshot shows the 'Valuation' configuration page in Elven OTC. It features a navigation bar with tabs for 'Crypto', 'Fiat (FX)', 'Future', 'Options', 'Broker Inventory', 'Assets', 'Price', and 'Automation'. Below the tabs, it indicates 'Total price provider: 4' and includes an 'Add New' button. A table lists the configured price providers:

	Name	Method	Date Range	Quote	Assets
1	My token price	CSV		USD	0
2	Exchange Rate Default	API	2000/01/01- 2024/08/09	USD	157
3	Coingecko USD Daily Default	API	2013/04/28- 2024/08/09	USD	2,868

## 5. Accounting for Fair Value Changes:

When accounting for adjustments in fair value, different accounting accounts can be configured based on the account and auxiliary accounting settings.

The fair value changes can be recorded in the profit and loss accounts or other comprehensive income (OCI).

The screenshot shows the 'Valuation' configuration page in Elven OTC, specifically the 'Automation' tab. It includes a 'Manually execute all rules' checkbox and a table defining accounting rules for fair value changes:

Name	Conditions	Action / Journal	Action / Entry	Status
FV Change - OCI	Account is Financial assets	Create Journal: Journal Type is FV-OCI Ref No. = Adjusting Id	Dr: Financial assets Currency = Base_Asset Reporting Amount = Amount(USD) <b>Cr: Other Comprehensive Income</b> Currency = Base_Asset Reporting Amount = Amount(USD)	<input checked="" type="checkbox"/>
FV Change - P/L	Account is Crypto assets	Create Journal: Journal Type is Unrealized Gain(Loss) Ref No. = Adjusting Id	Dr: Crypto assets Currency = Base_Asset Reporting Amount = Amount(USD) <b>Cr: Unrealized gain(Loss) on derivatives:</b> Currency = Base_Asset Reporting Amount = Amount(USD)	<input checked="" type="checkbox"/>

## Case Study

### Case Study - Exchanges



#### Case intro: Coinhako

Coinhako is a leading Singapore-based cryptocurrency exchange, it enables users to trade various cryptocurrencies like Bitcoin, Ethereum, and Ripple. The platform focuses on making cryptocurrency trading easy for Asian users, offering a user-friendly interface and multiple payment options such as bank transfers and credit/debit cards.

Official Website: <https://www.coinhako.com>

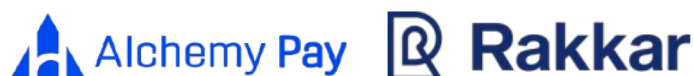
#### Customers' pain points

- Automated daily regulatory required reconciliation report
- Managing numerous financial data sources and handling large volumes of data in the hundreds of millions
- Manual reconciliation and accounting tasks present significant challenges for the finance team

#### We Provide

- Segregation of client funds, real-time access to batch wallet balances, and daily balance reconciliation.
- Import client order data and reconcile transactions with bank and wallet flows.
- Data support and accounting for derivatives (margin, perpetuals, options) trading.
- Aggregate orders according to defined business dimensions and automate accounting.
- Integrate the crypto sub-ledger with ERP.

## Case Study - OTC & Payment



### Case intro: Hashkey

HashKey OTC is a service by HashKey Group which is a leading global fintech company that specializes in blockchain and digital asset management. HashKey OTC got approval from the Monetary Authority of Singapore for its payment service license, allowing it to operate legally in Singapore while offering these trading services.

Official website: <https://www.hashkey.com>

### Customers' pain points

- Exhaustive manual reconciliation process
- Time-consuming financial report preparation for auditing purposes
- Segregation of client funds

#### We Provide

- Mixed accounting for fiat and cryptocurrencies, import wallets, custody, exchanges, payment channels, and bank accounts, and import client order data.
- Accurately calculate income, cost, and expenses for each transaction, and calculate profit by order, client, and business dimensions.
- Matching hedging transactions with client orders.
- Reconcile client orders with fund flows.
- Provide clear transaction sources, relationships, and accounting rules for individual orders for auditing purposes.



## Case Study - Web3 Projects



IX Swap®



CoinMarketCap



Nansen



PLANETARIUM



Bitlayer



Audit Alliance LLP

### Case intro: Bitlayer

Bitlayer is the first Layer 2 solution offering Bitcoin-equivalent security and Turing completeness. It is also the first built on BitVM. Bitlayer aims to bring secure scalability to the Bitcoin ecosystem, promoting asset diversity and surring innovation for a faster, safer, and more flexible user experience

Official website: <https://bitlayer.org>

### Customers' pain points

- Difficult to provide real-time updates of investor funds and treasury dashboards
- Hard to track gains and losses for on-chain and cross-chain bridge transactions
- Difficult to integrate with the Lark system to monitor expense management for audit trails

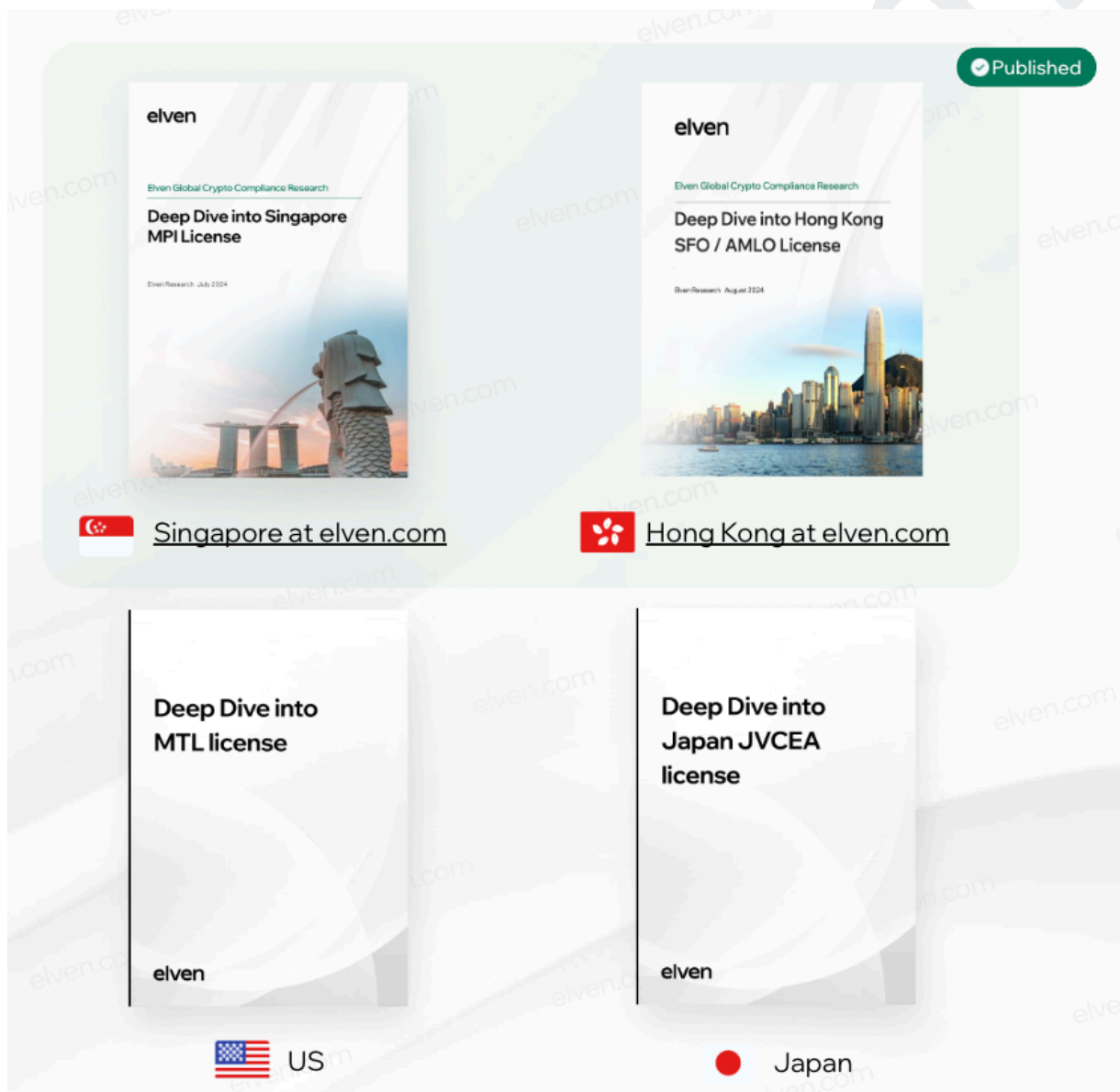
### We Provide

- Import core company wallets, business wallets (Layer 1 and Layer 2).
- Achieve real-time monitoring of corresponding account balances and Proof of Reserves (POR), automatically import and update historical transaction data.
- Automate accounting and reconciliation processes to generate monthly financial reports: financing, revenue, expenses, profit, funds, etc.
- Automate daily reconciliation of funds in bridge operations: reconciliation of Layer 1 and Layer 2 fund balances.

# Global Strategic Compliance for Crypto Market Series

Elven understand the key issues that CFOs and CCOs are concerned about and focused our research on:

- Licensing/Registration
- Record Keeping/Compliance Documents
- Client Asset Custody Requirements



Coming in 2024 Q3 at [elven.com](https://elven.com)

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