

2025

WEB3 ACCOUNTANT CRYPTO ACCOUNTING REPORT

PART 1 - IFRS ACCOUNTING FOR CRYPTO AND STABLECOINS

KoinX



LedgerLens



www.web3accountant.online



info@web3accountant.online

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With Reference and Thanks to

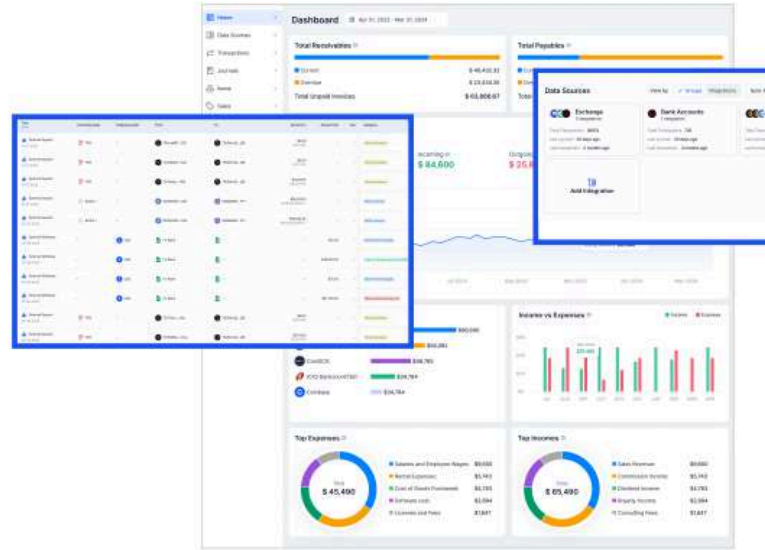


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Foreword

We are excited to present the inaugural edition of the Web3 Accountant Report—a series created by accountants, for accountants, designed to bridge the gap between emerging blockchain technologies and practical financial reporting.

This initiative is proudly supported by **KoinX** and **LedgerLens**, whose ongoing commitment to digital asset transparency and compliance has helped shape this resource. Our goal is to equip finance professionals with the clarity and confidence needed to navigate Web3 as it rapidly evolves from fringe innovation to institutional reality.

This report comes at a pivotal moment: Bitcoin and digital asset adoption by institutions are reaching all-time highs, signaling a shift in how value is stored, transacted, and accounted for. As regulatory frameworks begin to solidify, and enterprise interest grows, accountants must be ready to lead—not lag—this transformation.

We also invite you to join us in person for the **Web3 Accountant Meet at ISCA House on 30 September**, where we'll dive deeper into emerging accounting issues, real-world case studies, and practical toolkits for managing digital assets.

We welcome all feedback, contributions, and enquiries. Let's shape the future of accounting in the decentralized economy—together.

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Subscribe to our newsletter at web3accountant.online to be the first to receive future reports directly in your inbox.

Upcoming topics include:

- US GAAP Accounting for Crypto Assets
- How to audit companies with crypto
- Singapore Tax Treatment of Digital Assets
- Comparative Analysis of Publicly Listed Web3 Companies

Stay ahead as we continue to explore the intersection of accounting and the decentralized economy.



Summary

- IFRS Accounting for Crypto and Stablecoins

Cryptocurrencies IFRS Classification and Subsequent Measurement

Applicable standard	Initial measurement	Subsequent measurement	Movements in carrying amount
Inventory (IAS 2) - Other	Cost	Lower of cost and net realisable value	Movements above cost - N/A Movements below cost - Profit and loss
Inventory (IAS 2) - Commodity broker-trader exception	Cost	Fair value less costs to sell	Profit and loss
Intangible assets (IAS38) - Revaluation model (accounting policy choice but requires existence of active market)	Cost	Fair value less any accumulated amortisation and impairment*	Movements above cost - Other comprehensive income Movements below cost - Profit and loss
Intangible assets (IAS38) - Cost model	Cost	Cost less any accumulated amortization and impairment*	Movements above cost - N/A Movements below cost - Profit and loss

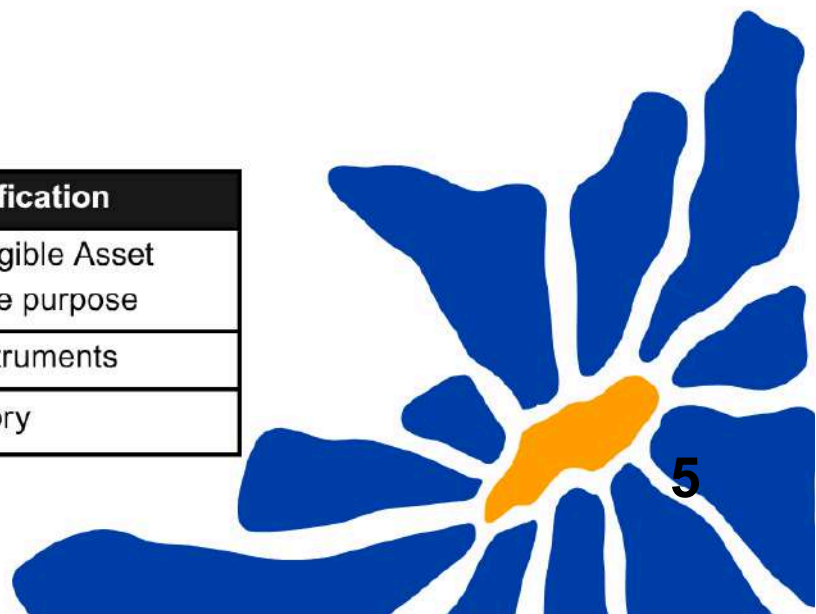
* In most cases, cryptocurrencies do not require amortization

Should crypto held on behalf of customers be on the balance sheet?

There is **not a 'one size fits all'** answer. Sinohope, OKG does not recognise customers assets on balance sheet while OSL recognises customers assets on balance sheet.

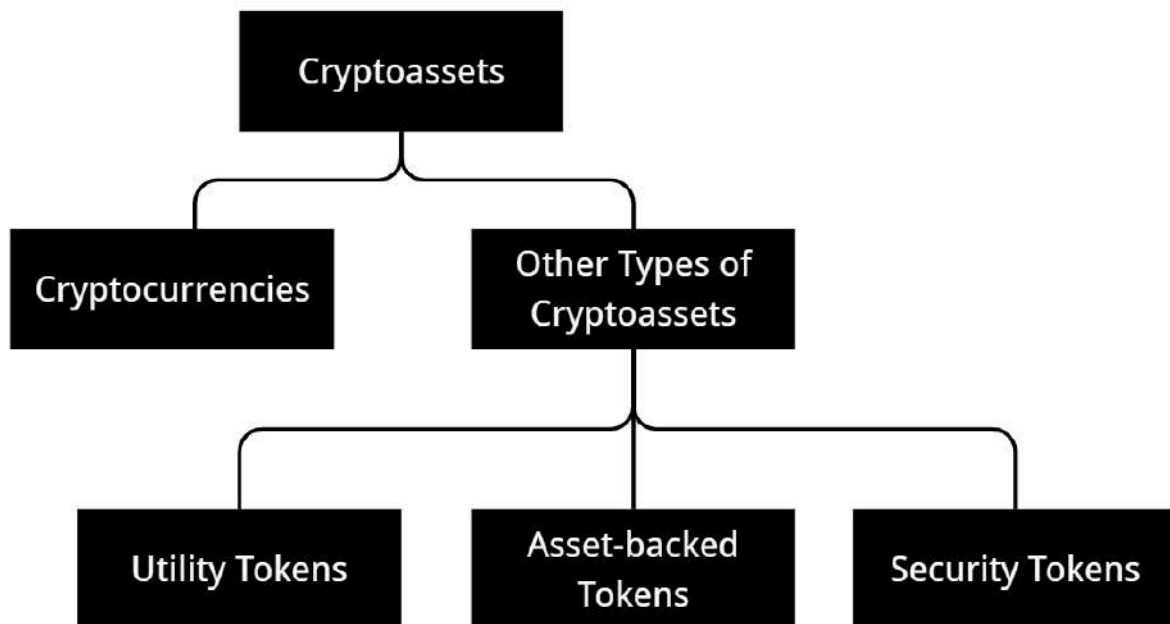
Accounting for stablecoins

Examples	IFRS Classification
Animoca	Inventory / Intangible Asset depends on the purpose
OSL and OKG	Financial Instruments
Sinohope	Inventory





Under IFRS - Accounting for Crypto



IFRS Accounting Standards do not include a specific standard that addresses digital assets. A company assesses whether a digital asset meets the definition of financial instruments, inventory or intangible assets by applying the scope requirements in the relevant standards and applying the 2019 IFRS IC Agenda Decision.














For purposes of the Agenda Decision, cryptocurrencies refers to a subset of digital assets with all of the following characteristics:

- A. a digital or virtual currency recorded on a distributed ledger that uses cryptography for security;
- B. not issued by a jurisdictional authority or other party; and
- C. does not give rise to a contract between the holder and another party.

The Committee concluded that such crypto assets do not meet the definition of a financial asset, nor are they cash. However, they could be inventories if held for sale in the ordinary course of business (and measured at the lower of cost and net realisable value), or if acting as a broker-trader of cryptocurrencies, measured at fair value less costs to sell. Otherwise, IAS 38 Intangible Assets applies.



Web3 Accountant Crypto Accounting Report PART 1 - IFRS Accounting for Crypto and Stablecoins

	Examples			Inherent Value
Cryptocurrencies	BTC 	ETH 	DOGE 	None - derives its value based on supply and demand.
Asset-backed Tokens	USDC 	USDT 	USDY 	Derives its value based on the underlying asset.
Utility Tokens	BNB-Binance 	CRO-Crypto.com 	OKB-OKX 	Value is derived from the demand for the issuer's service or product.
Security Tokens	CitaDAO  SDAX 	ADDX  DigiFT 		Value is derived from the success of the entity, since the holder of the token shares in future profits or receives cash or another financial asset.

**The above classification is based on the main use of crypto assets and the source of their intrinsic value*

Source: PWC

Cryptocurrencies IFRS Classification and Subsequent Measurement

Applicable standard	Initial measurement	Subsequent measurement	Movements in carrying amount
Inventory (IAS 2) - Other	Cost	Lower of cost and net realisable value	Movements above cost - N/A Movements below cost - Profit and loss
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Intangible assets (IAS38) - Revaluation model (accounting policy choice but requires existence of active market)	Cost	Fair value less any accumulated amortisation and impairment*	Movements above cost - Other comprehensive income Movements below cost - Profit and loss
Intangible assets (IAS38) - Cost model	Cost	Cost less any accumulated amortization and impairment*	Movements above cost - N/A Movements below cost - Profit and loss

** In most cases, cryptocurrencies do not require amortization*



Cash and Cash Equivalents - No

Cash

IAS 7 'Statement of Cash Flows' does not provide a definition of cash, merely stating that "cash comprises cash on hand and demand deposits".

"The Committee observed that the description of cash in paragraph AG3 of IAS 32 implies that cash is expected to be used as a medium of exchange (i.e. used in exchange for goods or services) and as a unit of account (i.e. used as the monetary unit in pricing goods or services) to such an extent that it would be the basis on which all transactions are measured and recognised in financial statements.

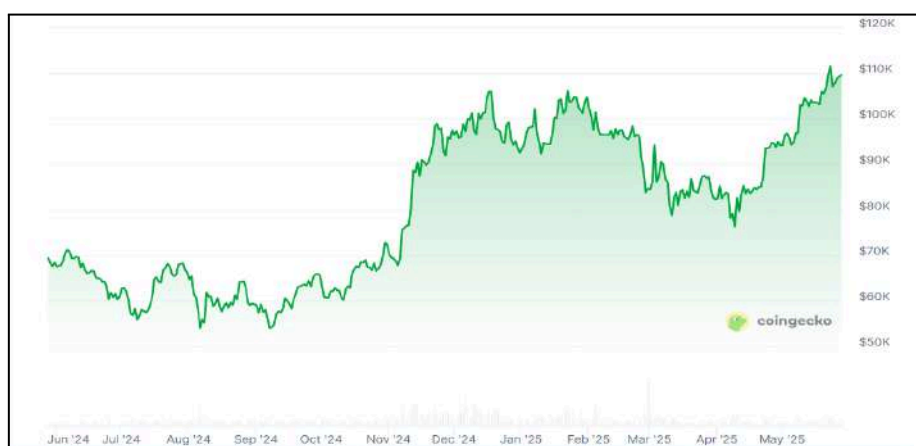
Some cryptocurrencies can be used in exchange for particular goods or services. However, the Committee noted that it is not aware of any cryptocurrency that is used as a medium of exchange and as a unit of account to such an extent that it would be the basis on which all transactions are measured and recognised in financial statements.

Consequently, the Committee concluded that holdings of cryptocurrencies are not cash."

Cash Equivalents

IAS 7 defines a second category of 'cash equivalents' – Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The following is the price fluctuation chart of BTC from June 2024 to May 2025:



Due to significant price volatility, cryptocurrencies (e.g., BTC) cannot be considered cash equivalents.

Source: Coingecko



Financial Asset - No

“Paragraph 11 of IAS 32 defines a financial asset. To summarise that definition, a financial asset is any asset that is (a) cash, (b) an equity instrument of another entity, (c) a contractual right to receive cash or another financial asset from another entity, (d) a contractual right to exchange financial assets or financial liabilities with another entity under particular conditions, or (e) a particular contract that will or may be settled in the entity’s own equity instruments.

The Committee concluded that holdings of cryptocurrencies are not financial assets. This is because a cryptocurrency is not cash (see above), is not an equity instrument of another entity, does not give rise to a contractual right for the holder and is not a contract that will or may be settled in the holder’s own equity instruments.



Source: Chatgpt



Intangible Assets - Yes

Applicable Standards And Regulations

IAS 38 'Intangible Assets' defines an intangible asset as "an **identifiable non-monetary asset** without **physical substance**".

- An asset is **identifiable** if it either:
 - (a) is separable, ie is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or
 - (b) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Cryptocurrency holdings can be exchanged on trading platforms or through peer-to-peer transactions, and therefore meet this part of the definition.

- **Monetary assets** are money held and assets to be received in fixed or determinable amounts of money.

As mentioned above, the price of cryptocurrency is highly volatile. Therefore it is not monetary but non-monetary in nature.

- Cryptocurrencies are a form of digital money and do not have **physical substance**.

In summary, cryptocurrency meets the criteria for intangible assets well. Therefore, classifying cryptocurrency as an intangible asset is reasonable.

Measurement

- Entities can recognise them using the cost or revaluation model, although the latter is only permitted if they can measure fair value by reference to an active market
- When applying the revaluation model, revaluation increments will be recognised in other comprehensive income, not profit or loss
- Applying the cost model - useful lives are likely indefinite, so no amortisation is provided, but an annual impairment test is required.

Inventory - Yes

IAS 2 applies to inventories of intangible assets. Paragraph 6 of IAS 2 defines inventories as assets:

- A. held for sale in the ordinary course of business;
- B. in the process of production for such sale; or
- C. in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Not a Broker-trader

Applicable Standards And Regulations

“The Committee observed that an entity may hold cryptocurrencies for sale in the ordinary course of business. In that circumstance, holdings of cryptocurrencies are inventory for the entity and, accordingly, the entity applies IAS 2 to those holdings.”

Measurement

IAS 2's default measurement approach is to recognise inventories at the lower of cost and net realisable value.

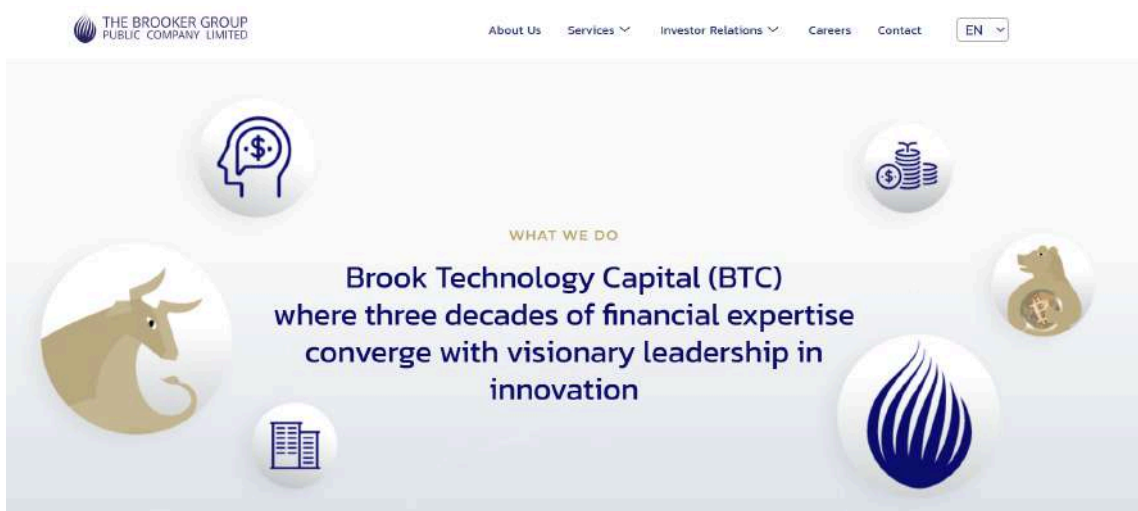
1.5.4 Inventory

1.5.4.1 Digital asset inventory

Because digital asset transactions are new to the world, the International Accounting Standards Board (IASB) has not yet set the International Financial Reporting Standards (IFRS) in connection with this matter, companies consider that holding of digital assets are purchases/sales transactions and recording the digital assets as inventories and measuring the value of digital assets at cost(weighted average method) or net realizable value |whichever is lower. This is a cautious approach to disclosure of information.

Digital Asset is held as inventory at lower of cost and net realizable value.

Source: The Brooker Group Annual Report 2024





For Broker-trader

“Paragraph 5 of IAS 2 states that broker-traders are those who buy or sell commodities for others or on their own account. The inventories referred to in paragraph 3(b) are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders’ margin.”

Applicable Standards And Regulations

“The Committee also observed that an entity may act as a broker-trader of cryptocurrencies as described in paragraph 5 of IAS 2. In that circumstance, paragraph 3(b) of IAS 2 specifies requirements for commodity broker-traders who measure their inventories at fair value less costs to sell.”

Measurement

Commodity broker-traders are instead required to measure their inventories at fair value less costs to sell, with changes in fair value less costs to sell being recognised in profit or loss in the period of the change.

Should crypto held on behalf of customers be on the balance sheet?

1. On or off the balance sheet of the entity holding the cryptographic asset on behalf of customers

In determining whether an asset and liability should be recognised on the balance sheet of the entity holding the cryptographic asset on behalf of customers, an entity considers:

- Whether it has the right (explicit or implicit) to "borrow" the cryptographic assets to use for its own purposes. If the entity has such a right, it would seem that the definition of an asset set out above is met.
- The rights of customers to cryptographic assets held on their behalf if the entity is liquidated. In particular, if customers would have the status of unsecured creditors with no preferential claim on the cryptographic assets held by the entity on their behalf, this is a strong indicator that the cryptographic assets and the corresponding liability should be recognised on the balance sheet, because the Framework definition of liability would seem to be met.



The Group also holds digital assets that are not yet withdrawn by customers out of their accounts under the terms of its contracts with such customers. These digital assets are mostly held in the Group's wallets which support rapid settlement of traded transactions, thereby minimising settlement risk for the Group. Unless required to do otherwise by applicable laws, regulations or conditions of license relating to any licensed entities of the Group, digital assets held in customers' accounts corresponds to a liability due to the customers with both the digital assets and liability to customers recorded at fair value on the consolidated statement of financial position taking into account relevant service arrangements with the customers. Alternatively, where licensed entities of the Group are required to hold customers' assets on trust for the customers, such assets constitute trust assets, and are not accounted for as assets of the Group, and do not give rise to liabilities to the relevant customers and they are not recognised on the consolidated statement of financial position taking into account relevant service arrangements with the customers. Therefore, in either case, the Group has no price volatility exposure from these holdings.

Customer digital assets are on balance sheet.

Source: OSL Financial Statements

2. Segregation of Customers' assets

The main factors that can be considered include:

- Contract and legal enforceability;
- Asset and transaction reconciliation;
- Traceability of blockchain addresses;
- Location of asset storage;
- Use of hot wallets and cold wallets.

Given the above and the lack of an IFRS that specifically deals with this issue, assessing whether cryptographic assets held on behalf of the customers should be on or off the balance sheet is a matter of judgment, and it might vary depending on the facts and circumstances listed above.

As a result, there is not a 'one size fits all' answer.

3. Useful Reading Material

PwC: Cryptographic assets and related transactions: accounting considerations under IFRS

ISCA: Accounting for Cryptoassets: From a Holder's Perspective



Understanding Stablecoins and Their Accounting Implications (Fiat-Backed Stablecoins)

What Are Stablecoins?

Stablecoins are a type of **cryptocurrency that maintains a stable value** by pegging their price to a reserve asset, such as **Fiat currencies** (e.g., USD, EUR, SGD).

Their primary purpose is to combine the benefits of digital assets (borderless, programmable, decentralized) with the stability of traditional money. Their price relative to USD is stable and allows for business transactions.

Accounting Treatment of Stablecoins

Despite their intended price stability, **stablecoins are not considered equivalent to fiat cash** under most accounting standards.

1. Not Cash or Cash Equivalents

Stablecoins are **not legal tender**, and are generally **excluded from cash/cash equivalents** under IFRS. They lack the universal acceptability and liquidity typically required.

2. Digital Asset / Intangible Asset Classification

Most stablecoins are accounted for as **intangible assets** under current guidance (e.g., IFRS IAS 38).

Note: This treatment is controversial since stablecoins are meant to be stable. New frameworks are being proposed to reflect their utility and risk profile better.

ii. Digital assets

The consolidated entity accounts for its non-broker/trader holdings of digital assets, as indefinite-life intangible assets. Cryptocurrencies that are not held for sale in the ordinary course of business meet the definition of an intangible asset. AASB 138 states that an intangible asset is 'an identifiable non-monetary asset without physical substance'.

The consolidated entity has ownership of and control over its cryptocurrencies and uses third-party custodial services as well as its own wallets to store its cryptocurrencies.

The consolidated entity has determined the fair value of its cryptocurrencies at cost. It performs analysis at each balance date to identify whether events or changes in circumstances, principally a decrease in quoted prices on active exchanges, indicate that it is more likely than not that any of the assets are impaired. In determining if an impairment has occurred, the consolidated entity considers the lowest price of each cryptocurrency on the active exchange at any time since acquiring the specific cryptocurrency held. If the carrying value of the cryptocurrency exceeds that lowest price, an impairment loss is recorded equal to the difference between the carrying value and the lowest price.

Note 17 Short-term crypto assets

	31 December	
	2021	2020
	\$	\$
Cryptocurrencies	302,260,311	-

The consolidated entity holds specific cryptocurrencies for the purpose other than its broker-trader activities. The cryptocurrencies have been valued at cost and are subject to impairment assessment at each balance date.

These cryptocurrencies comprise stablecoins (USDC and USDT) which are cryptocurrencies whose value is pegged or tied, to that of another currency, commodity, or financial instrument and therefore, from a management perspective, is near cash or cash equivalents.

Stablecoins are held at cost and classified as intangible assets.

Source: Animoca Financial Statements





3. Financial Asset Treatment (Case-by-Case Basis)

If the stablecoin represents a **redeemable right to fiat** (e.g., USDC redeemable 1:1 for USD), there may be an argument for **financial asset classification**, depending on contractual rights and liquidity.

This is more common in jurisdictions adopting newer digital asset accounting policies or in regulated financial institutions with clear custody agreements.

2.10 Digital assets

Digital assets are held mainly for the purposes of trading in the ordinary course of the Group's digital assets and its trust and custody services.

Digital assets held in the Group's digital asset wallets primarily comprise digital assets that are prefunded by and traded with, but not yet withdrawn by counterparties (or "customers") under agreements. Digital assets held in the third parties' digital assets trading platforms (connect to the internet) (the "Platform") primary comprise digital assets for the Group's proprietary trading in digital assets and the digital assets held on behalf of the clients.

The Group's digital asset portfolio mainly comprises cryptocurrencies and stablecoins whose measurement are as follows:

- Since the Group actively trades cryptocurrencies, purchasing them with a view to their resale in the near future, and generating a profit from fluctuations in the price, the Group applies the guidance in HKAS 2 for commodity broker-traders and measures the digital assets at fair value less costs to sell. The Group considers there are no significant "costs to sell" digital assets and hence measurement of digital assets is based on their fair values with changes in fair values recognised in profit or loss in the period of the changes.
- The Group has assessed the terms and conditions attached to stablecoins to determine whether they meet the definition of financial instruments. **Certain stablecoins that are classified as financial instruments are measured at fair values with changes in fair value recognised in profit or loss in the period of the changes.**

Stablecoins are mark-to-market and classified as financial instruments

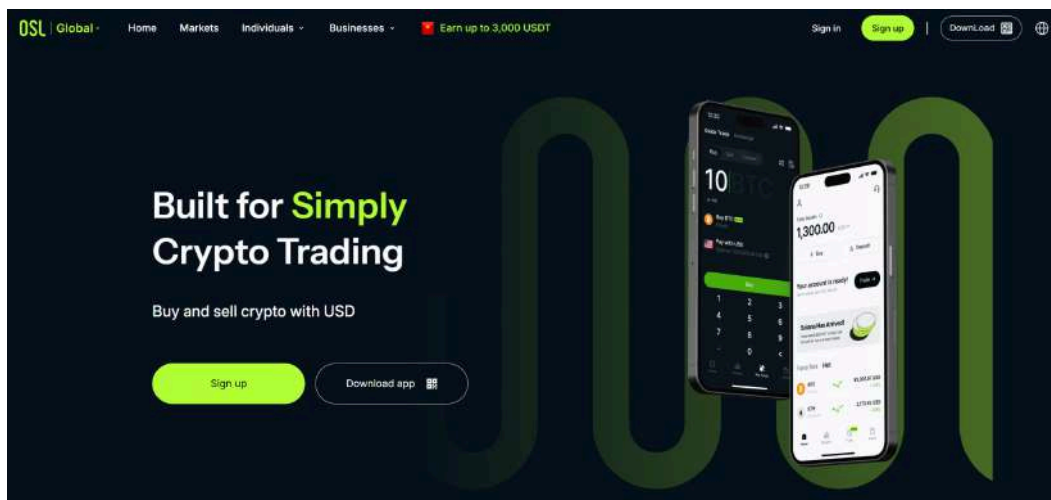
Source: OKG Technology Financial Statement

The Group's digital asset portfolio for trading mainly comprise cryptocurrencies and stablecoins whose measurement are as follows:

- Since the Group actively trades cryptocurrencies, purchasing them with a view to their resale in the near future, and generating a profit from the fluctuations of price, the Group applies the guidance in IAS 2 "Inventories" for commodity broker-traders and measures the digital assets at fair value less costs to sell. The Group considers there are no significant "costs to sell" digital assets and hence measurement of digital assets is based on their fair values with changes in fair values recognised in profit or loss in the period of the changes.
- The Group has assessed the terms and conditions attached to stablecoins to determine whether they meet the definition of financial instruments. **Certain stablecoins that are classified as financial instruments are measured at fair values with changes in fair value recognised in profit or loss in the period of the changes.**

Stablecoins are mark-to-market and classified as financial instruments

Source: OSL Financial Statement



4. Inventory (In Specific Business Models)

In certain cases, stablecoins may be classified as **inventory**, especially when:

- The entity is **in the business of trading stablecoins** (e.g., crypto exchanges, OTC desks)
- Stablecoins are held **for sale in the ordinary course of business**

Applicable accounting standards:

- **IFRS IAS 2 (Inventory)**
- Measured at the **lower of cost or net realizable value**
- For broker-dealers or market-makers: fair value less cost to sell (per **IAS 2.3**)



Web3 Accountant Crypto Accounting Report PART 1 - IFRS Accounting for Crypto and Stablecoins

Animoca Brands Corporation Limited and its controlled entities Notes to the consolidated financial statements For the financial year ended 31 December 2021		
Note 18	Inventories	
		31 December
		2021 2020
		\$ \$
	Trading cryptocurrencies	133,951,144 12,039,671
<p>Under AASB 2 <i>Inventories</i>, inventory does not require to be in a physical form, but inventory should consist of assets that are held for sale in the ordinary course of business.</p> <p>The consolidated entity has quantified that part of its extensive holdings of cryptocurrencies it holds for sale in the ordinary course of business. The consolidated entity actively trades certain cryptocurrencies, purchasing the cryptocurrencies with a view to reselling the cryptocurrencies in the near future and generating a profit from fluctuations in the price or traders' margin.</p> <p>The trading cryptocurrencies held at balance date include both stablecoins as well as more volatile cryptocurrencies with both stablecoins and cryptocurrencies valued on a mark-to-market basis.</p>		

Stablecoins are mark-to-market and classified as inventory

Source: Animoca Financial Statement

Accounting for cryptocurrencies

HKFRSs do not specifically address accounting for cryptocurrencies. Accordingly, for the preparation of the consolidated financial statements, management needs to apply judgement in determining appropriate accounting policies based on the facts and circumstances of the Group's holding of cryptocurrencies. The Group trades cryptocurrencies over-the-counter and in cryptocurrency exchange, by purchasing cryptocurrencies with a view to their resale in the near future, and generating a profit from fluctuations in the prices, the Group applies the guidance in HKAS 2 for commodity broker-traders and measures the cryptocurrencies at fair value less costs to sell. The Group considers that there are no significant "costs to sell" associated with virtual assets and hence the measurement of virtual assets is based on their fair value with changes in fair value recognized in profit or loss in the period of the changes.

Stablecoins are mark-to-market and classified as inventory

Source: Sinohope Technology Holdings Limited Financial Statement

Contributors

The successful compilation of this report was a collaborative effort, and its completion would not have been possible without the valuable assistance of **KoinX** and **LedgerLens**.

Web3 Accountant Editorial Team: Chan Wei Xiang, Cathy Luo, Diana Xie, Dino Liu



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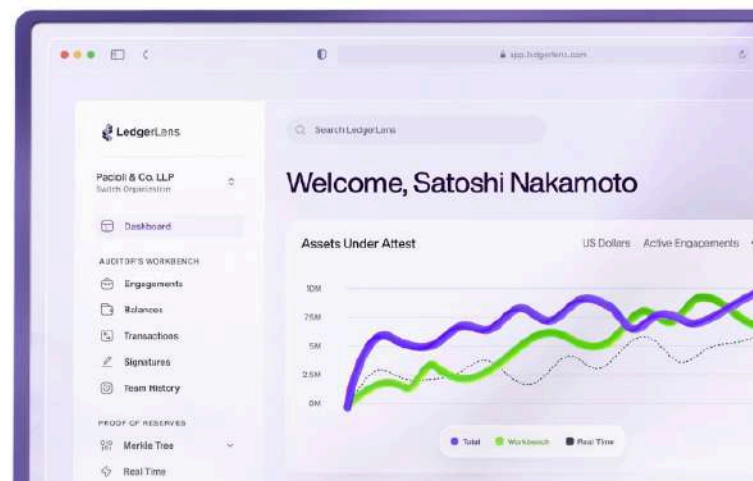
Proof of Reserves

Demonstrate control of assets and liabilities for your PoR engagements



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- **Quality Control Support**
- **Peer Review Network**



Built for Auditors, by Auditors

The only SOC-certified crypto-audit platform, built by auditors w/ 8 years of experience auditing crypto exchanges, stablecoins, ETFs, and more.

W LedgerLens is indispensable for crypto audits, it cut our audit time dramatically and gave us expert support on demand.

Saydee Yap, CorpWerk PAC

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