BINANCE MARKETS LIMITED

Strategic Report, Directors' Report
and
Financial Statements

31st December 2022

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INDEX

COMPANY INFORMATION

Directors:	J S Farnell
Registered Office:	167-169 Great Portland Street London W1W 5PF
Auditors:	The HHC Partnership Ltd Chartered Accountants Suite 2 9 West End Kemsing Sevenoaks Kent TN15 6PX
Company Number:	09510915

The directors present their strategic report for the year ended 31st December 2022.

Binance Markets Limited (the "company" or the "firm") is authorised by the Financial Conduct Authority (FCA). The category of membership of the FCA states that the company is authorised to carry on business as a IFPRU €125,000 MiFiD investment firm. The company is authorised and regulated by the FCA under both the Financial Services and Markets Act (2000) ('FSMA') and the Consumer Credit Act (1974) ('CCA').

The company has permissions to hold and deal in client money. However, the directors confirm that at no time during the above period has the firm held or dealt with client money and at all times during the period the firm has complied with the FCA minimum capital resources requirement.

The company has pro-actively engaged with the FCA throughout the year, with a view to obtain regulatory permissions to operate a dedicated UK crypto asset exchange in the near future.

Principal Risks and Uncertainties

Although the firm has completed all technical and logistical requirements to prepare the UK exchange to go-live, the commencement of operations has been postponed due to the delay in obtaining its 'Crypto Asset Service Provider' licence from the FCA. Obtaining regulatory permissions from the FCA has taken significantly longer than anticipated and has impeded the ability of the company to begin making revenues.

PILLAR 3 Disclosure

Information about the capital adequacy and risk assessment, control processes and together with financial risk management objectives, policies, exposure and remuneration is available from our registered office (167-169 Great Portland Street, London, W1W 5PF).

By Order of the Board

J S FARNELL
Director

17th March 2023

The directors present their annual report together with the audited financial statements of the company for the period ended 31st December 2022.

Principal activities

The principal activity of the company is to provide financial services based upon digital assets.

Dividends

The directors do not recommend the payment of a dividend for the year.

Directors

The director of the company is shown on page 3. He served throughout the year under review and subsequent thereto. In addition, Ms L McConnell also served as a director until her resignation on 13th December 2022.

Directors' Responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP). United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss for that period. In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company to ensure that the accounts comply with the Companies Act 2006. 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 are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. It is important to bear in mind that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Post Balance Sheet events

No post balance sheet events have occurred since 31st December 2022 which require reporting or disclosing in the accounts.

Statement of disclosure of information to auditors

The directors of the company who held office at the date of approval of this Annual Report confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of all that information

Auditors

The HHC Partnership Ltd have indicated their willingness to continue in office and are deemed to be re-appointed under section 487(2), Companies Act 2006.

By Order of the Board

J S FARNELL
Director

17th March 2023

Opinion
We have audited the financial statements of Binance Markets Limited (the 'company') for the year ended 31st December 2022, which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. (United Kingdom Generally Accepted Accounting Practice),

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and,
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements: and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements and for being satisfied they give a fair and true view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

ALAN COPLESTON (Senior Statutory Auditor)
For and on behalf of THE HHC PARTNERSHIP LTD

CHARTERED ACCOUNTANTS
AND STATUTORY AUDITORS

9 West End
Kemsing
Sevenoaks
Kent
TN15 6PX

17th March 2023

STATEMENT OF COMPREHENSIVE INCOME [INCLUDING THE PROFIT AND LOSS ACCOUNT] FOR THE YEAR ENDED 31ST DECEMBER 2022

	Notes	2022 £	2021 £
TURNOVER	4	-	-
Cost of Sales		(20,000)	(65,000)
GROSS LOSS		(20,000)	(65,000)
Administrative Expenses		(113,146)	(31,607)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(133,146)	(96,607)
Taxation	7	-	-
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		£(133,146)	£(96,607)

The notes on pages 13 to 17 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AT 31ST DECEMBER 2022

	Notes	Share Capital	Retained Earnings	Total
		£	£	£
Year ended 31st December 2022				
Balance at 1st January 2022		381,784	(138,716)	243,068
Capital introduced	11	100,000	-	100,000
Loss for the year		-	(133,146)	(133,146)
Balance at 31st December 2022		£481,784	£(271,862)	£209,922
Year ended 31st December 2021				
Balance at 1st January 2021		220,000	(42,109)	177,891
Capital introduced		161,784	-	161,784
Loss for the period		-	(96,607)	(96,607)
Balance at 31st December 2021		£381,784	£(138,716)	£243,068

The notes on pages 13 to 17 form an integral part of these financial statements

BALANCE SHEET
AT 31ST DECEMBER 2022

	Notes	£	2022 £	£	2021 £
CURRENT ASSETS					
Debtors	8	29,138		3,615	
Cash and bank balances		184,249		383,260	
		213,387		386,875	
CREDITORS					
Amounts falling due within one year	9	(3,465)		(143,807)	
NET CURRENT ASSETS			209,922		243,068
TOTAL ASSETS LESS CURRENT LIABILITIES			£209,922		£243,068
Financed by:					
CAPITAL AND RESERVES					
Called up share capital	11		481,784		381,784
Retained earnings			(271,862)		(138,716)
EQUITY SHAREHOLDERS' FUNDS			£209,922		£243,068

The financial statements were approved by the Board of Directors and authorised for issue on 17th March 2023. They were signed on its behalf by:

J S FARNELL
Director

BINANCE MARKETS LIMITED
Company registration number 09510915 (England and Wales)

The notes on pages 13 to 17 form an integral part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022 £	2021 £
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit for the financial year	(133,146)	(96,607)
Adjustments for:		
(Increase)/decrease in debtors	(25,523)	10,847
Increase/(decrease) in creditors	(140,342)	84,604
Taxation	-	-
Cash generated from/(used in) operations	(299,011)	(1,156)
Income taxes paid	-	-
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	(299,011)	(1,156)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	100,000	161,784
NET CASH RAISED FROM FINANCING ACTIVITIES	100,000	161,784
NET INCREASE IN CASH AND CASH EQUIVALENTS	(199,011)	160,628
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	383,260	222,632
CASH AND CASH EQUIVALENTS AT END OF YEAR	£184,249	£383,260

The notes on pages 13 to 17 form an integral part of these financial statements.

1. **General Information**

Binance Markets Limited (the "company" or the "firm") is a financial intermediary. It is a private company limited by shares and incorporated in England and Wales. The registered office is at 167-169 Great Portland Street, London, W1W 5PF.

Binance Markets Limited is authorised by the Financial Conduct Authority (FCA). The category of membership of the FCA states that the company is authorised to carry on business as a IFPRU €125,000 MiFiD investment firm. The company is authorised and regulated by the FCA under both the Financial Services and Markets Act (2000) ('FSMA') and the Consumer Credit Act (1974) ('CCA').

The company has permissions to hold and deal in client money. However, the directors confirm that at no time during the above period has the firm held or dealt with client money and at all times during the period the firm has complied with the FCA minimum capital resources requirement.

2. **Accounting policies**

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the company's accounts.

a) Statement of Compliance
The financial statements have been prepared in accordance with Financial Reporting Standard 102 and the Companies Act 2006.

b) Basis of Preparation
The financial statements have been prepared under the historical cost convention.

c) Presentation Currency

The principal functional currency the company uses is pounds sterling. The financial statements have been prepared and are presented in pounds sterling.

d) Revenue Recognition

Turnover comprises fees and commissions receivable on financial services provided by the company during the period under review.

Revenue is recognised when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met as applicable to the relevant activity. Generally, this will be when the service has been provided and can be recognised in the profit and loss account.

e) Financial Instruments
The company only enters into basic financial instruments transactions like trade and other accounts receivable and payable, and loans to and from related entities. Debt instruments payable or receivable within one year, typically trade payables or receivables, are measured at the undiscounted value of the cash or other consideration expected to be paid or received, normally the transaction price. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade receivable deferred beyond normal business terms or financed at a rate of interest that is not a market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

e) Financial Instruments - continued

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If any such impairment is found, an impairment loss is recognised in the profit or loss. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss account as finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate or foreign exchange derivatives.

Financial assets and liabilities are offset, and the net amount reported in the balance sheet only when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

f) Impairment of Non-Financial Assets

At each reporting date non-financial assets not carried at fair value, such as plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying value. If the recoverable amount is lower, the carrying value of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying value of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

g) Operating Leases

Leases that do not transfer substantially all the risks and rewards of ownership of the leased assets to the company are classified as operating leases.

Payments made under operating leases are recognised as an expense over the lease term and taken to profit or loss on a straight-line basis.

h) Taxation

Taxation expense represents the aggregate amount of current tax and deferred tax recognised in the reporting period.

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years.

Deferred tax arises from timing differences that are differences between taxable profits and total profits or losses as stated in the financial statements. Timing differences result from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

h) Taxation - continued

Deferred tax is recognised on all timing differences at the reporting date apart from certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised to the extent that 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 which are expected to apply to the reversal of the timing differences.

i) Cash and Cash Equivalents

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

j) Foreign Currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Normal fluctuations on trading items are dealt with as part of the result for the year.

3. Significant Judgements and Estimates

Preparation of the financial statements may require management to make significant judgements and estimates. No significant judgements were required in preparing these financial statements.

4. Turnover

No turnover arose in the year under review (2021: Nil).

5. Profit/(Loss) Before Taxation

	2022 £	2021 £
This is stated after charging:		
Auditor's remuneration:		
Audit of these financial statements	3,000	3,000
Taxation compliance services	350	350

6. Employees

The average number of persons employed by the company during the year was nil (2021: Nil).

7. **Taxation**

The charge/(credit) to UK Corporation Tax arises on the results for the period as follows:

	2022 £	2021 £
(Loss)/Profit on ordinary activities before tax	(133,146)	(96,607)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (March 2021: 19%).	(25,298)	(18,355)
Effects of:		
Loss carried forward to a future period	25,298	18,355
Current tax charge/(credit)	-	-

8. **Debtors**

Other debtors	29,138	3,615
	£29,138	£3,615

9. **Creditors**

Amounts falling due within one year		
Trade payables	-	9,875
Due to related entities	165	130,632
Accruals	3,300	3,300
	£3,465	£143,807

10. **Deferred Taxation**

	At 31st December 2022		At 31st December 2021	
	Provided £	Unprovided £	Provided £	Unprovided £
Losses carried forward	-	51,654	-	26,356
Deferred tax asset/(liability)	-	£51,654	-	£26,356

The potential net deferred tax asset arises from losses carried forward to future periods. It has not been recognised at the balance sheet date as there is not yet firm evidence that the company will make sufficient taxable profits in the future for the reversal of any timing difference to affect the amount of tax actually paid.

11. **Share Capital**

	2022 £	2021 £
Allotted, called-up and fully paid:		
481,784 Ordinary shares of £1 each	481,784	381,784
	£481,784	£381,784

On 6th July 2022 the company allotted a further 100,000 Ordinary £1 shares at par for cash. This issue was to provide additional regulatory capital.

12. **Related Party Transactions**

The company has adopted the exemption permitted by FRS102 and has not disclosed transactions with members of the same group it was within during the period under review, that were also wholly owned.

13. **Controlling Party**

In the opinion of the directors the company is controlled by Mr Changpeng Zhao by virtue of his interest in the whole of the issued share capital.