

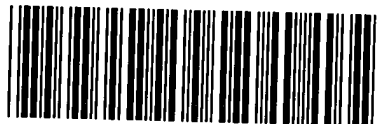
BINANCE MARKETS LIMITED

**Strategic Report, Directors' Report
and
Financial Statements**

31st December 2020

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Binance Markets Limited

COMPANY INFORMATION

Directors: J Goodbody (appointed 19th August 2020)
L McConnell (appointed 19th August 2020)

Registered Office: The Gridiron Building
1 Pancras Square
London
NIC 4AG

Auditors: The HHC Partnership Ltd
Chartered Accountants
Suite 2
9 West End
Kemsing
Sevenoaks
Kent
TN15 6PX

Company Number: 09510915

Binance Markets Limited

STRATEGIC REPORT

FOR THE PERIOD ENDED 31ST DECEMBER 2020

The directors present their strategic report for the 9 month period ended 31st December 2020.

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 the firm has complied with the FCA minimum capital resources requirement.

During the year the company began the development work in establishing a crypto asset exchange under the guidelines of the new FCA crypto asset regime. The company pro-actively engaged with the FCA throughout 2020 during the development of the exchange platform with a view to obtain regulatory permissions to operate a dedicated UK crypto asset exchange.

Principal Risks and Uncertainties

The firm’s commencement of operations has been suspended due to the delay in obtaining its ‘Crypto Asset Service Provider’ licence from the FCA. The licence application process 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 (1 Pancras Square, London, England N1C 4AG).

By Order of the Board

L MCCONNELL
Director

16th June 2021

Binance Markets Limited
REPORT OF THE DIRECTORS
FOR THE PERIOD ENDED 31ST DECEMBER 2020

The directors present their annual report together with the audited financial statements of the company for the period ended 31st December 2020.

Change of name

The company changed its name from EddieUK Limited on 10th June 2020.

Principal activities

The principal planned activity of the company is to provide financial services based upon both digital assets and traditional investments, and in accordance with its existing FSMA permissions.

Dividends

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

Directors

The directors of the company are shown on page 3. In addition, N Andrews and R Sowah both served until their resignations on 19th August 2020.

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 2020 which require reporting or disclosing in the accounts.

Binance Markets Limited

REPORT OF THE DIRECTORS - Continued
FOR THE PERIOD ENDED 31ST DECEMBER 2020

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



L MCCONNELL
Director

16th June 2021

Binance Markets Limited

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BINANCE MARKETS LIMITED

Opinion

We have audited the financial statements of Binance Markets Limited (the 'company') for the period ended 31st December 2020, 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 2020 and of its loss for the period 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.

Binance Markets Limited

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BINANCE MARKETS LIMITED - Continued

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

9 West End
Kemsing
Sevenoaks
Kent
TN15 6PX

CHARTERED ACCOUNTANTS
AND STATUTORY AUDITORS

16th June 2021

Binance Markets Limited**STATEMENT OF COMPREHENSIVE INCOME [INCLUDING THE PROFIT AND LOSS ACCOUNT]
FOR THE PERIOD ENDED 31ST DECEMBER 2020**

	Notes	9 months ended 31st December 2020 £	Year ended 31st March 2020 £
TURNOVER	4	-	2,500
Cost of Sales		(20,000)	-
GROSS PROFIT		(20,000)	2,500
Administrative Expenses		(22,036)	(4,882)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(42,036)	(2,382)
Taxation	7	-	439
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		£(42,036)	£(1,943)

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

Binance Markets Limited
STATEMENT OF CHANGES IN EQUITY
AT 31ST DECEMBER 2020

	Notes	Share Capital £	Retained Earnings £	Total £
Period ended 31st December 2020				
Balance at 1st April 2020		120,000	(73)	119,927
Capital introduced		100,000	-	100,000
(Loss)/Profit for the year		-	(42,036)	(42,036)
Balance at 31st December 2020		<u>£220,000</u>	<u>£(42,109)</u>	<u>£177,891</u>
Year ended 31st March 2020				
Balance at 1st April 2019		120,000	1,870	121,870
Profit/(Loss) for the year		-	(1,943)	(1,943)
Balance at 31st March 2020		<u>£120,000</u>	<u>£(73)</u>	<u>£119,927</u>

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

Binance Markets Limited

BALANCE SHEET

AT 31ST DECEMBER 2020

	Notes	£	31st December 2020 £	£	31st March 2020 £
CURRENT ASSETS					
Debtors	8	14,462		2,937	
Cash and bank balances		222,632		123,848	
		<u>237,094</u>		<u>126,787</u>	
CREDITORS					
Amounts falling due within one year	9	(59,203)		(6,860)	
NET CURRENT ASSETS			177,891		119,927
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£177,891</u>		<u>£119,927</u>
Financed by:					
CAPITAL AND RESERVES					
Called up share capital	11		220,000		120,000
Retained earnings			(42,109)		(73)
EQUITY SHAREHOLDERS' FUNDS			<u>£177,891</u>		<u>£119,927</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16th June 2021



L MCCONNELL
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.

Binance Markets Limited**CASH FLOW STATEMENT****FOR THE PERIOD ENDED 31ST DECEMBER 2020**

	9 months ended 31st December 2020 £	Year ended 31st March 2020 £
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit for the financial year	(42,036)	(1,943)
Adjustments for:		
(Increase)/decrease in debtors	(11,523)	(700)
Increase/(decrease) in creditors	52,343	305
Taxation	-	(439)
Cash generated from/(used in) operations	(1,216)	(2,777)
Income taxes paid	-	(439)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	(1,216)	(3,216)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	100,000	-
NET CASH RAISED FROM FINANCING ACTIVITIES	98,784	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	98,784	(3,216)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	123,848	127,064
CASH AND CASH EQUIVALENTS AT END OF YEAR	£222,632	£123,848

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 1 Pancras Square, London, England NIC 4AG.

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 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 period under review due to the company awaiting approval of its 'Crypto Asset Service Provider' licence from the FCA. Turnover in the preceding period was attributable to the principal activity of the company and arose wholly in the UK.

5. Profit/(Loss) Before Taxation

	9 months ended 31st December 2020 £	Year ended 31st March 2020 £
This is stated after charging:		
Auditor's remuneration:		
Audit of these financial statements	2,500	1,525

6. Employees

The average number of persons employed by the company during the year was nil (2020: Nil).

7. **Taxation**

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

	31st December 2020 £	31st March 2020 £
(Loss)/Profit on ordinary activities before tax	(42,036)	(2,382)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (March 2020: 19%).	(7,987)	(453)
Effects of:		
Loss carried forward	7,987	14
Current tax charge/(credit)	-	£(439)

8. **Debtors**

Other debtors and prepayments	14,462	2,939
	£14,462	£2,939

9. **Creditors**

Amounts falling due within one year

Due to parent company	26,000	-
Due to related entities	23,853	-
Accruals	9,350	6,860
	£59,203	£6,860

10. **Deferred Taxation**

	At 31st December 2020		At 31st March 2020	
	Provided £	Unprovided £	Provided £	Unprovided £
Losses carried forward	-	8,001	-	14
Deferred tax asset/(liability)	-	£8,001	-	£14

The potential net deferred tax asset 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**

	31st December 2020 £	31st March 2020 £
Allotted, called-up and fully paid:		
220,000 Ordinary shares of £1 each	220,000	120,000
	<u>£220,000</u>	<u>£120,000</u>

On 7th September 2020 a further 100,000 Ordinary £1 shares were issued at par for cash. This issue was to ensure the company has sufficient capital to fund its operations.

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**

The Company was previously a wholly owned subsidiary of Eddie HoldCo Ltd., a Company incorporated and resident in England and Wales. The ultimate parent company was Sebastopol Investments Ltd, of 3 Beeston Place, Belgravia, London, SW1W 0JJ.

During the period under review the company received an offer to acquire all of the issued share capital. This required approval by the Financial Conduct Authority. Approval was duly received, and the sale of the company was completed on 8th June 2020. Following this sale the accounting period was altered to end on 31st December, in line with the new parent company and related entities. As a result these financial statements cover the nine months to December 2021. Comparative amounts cover a 12 month period and so are not exactly comparable.

In the opinion of the directors the ultimate parent company is now Binance Capital Management Co Ltd, a BVI company, and the controlling party is Mr Changpeng Zhao.