

HAN etf LTD

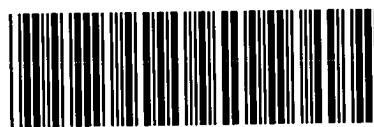
Annual report and audited financial statements

For the year ended 31 March 2023

Company No: 10697042

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HAN etf Limited

Audited financial statements
for the year ended 31 March 2023

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HAN etf Limited

Directors and other information

Directors	N R Bienkowski I D H McNeil
Registered office	City Tower 40 Basinghall Street London EC2V 5DE United Kingdom
Company number	10697042
Company secretary	D&M Financial Services (UK) Limited Anumerate Office 2.05 Clockwise, Old Town Hall 30 Tweedy Road, Bromley BR1 3FE United Kingdom
Accountants	D&M Financial Services (UK) Limited Anumerate Office 2.05 Clockwise, Old Town Hall 30 Tweedy Road, Bromley BR1 3FE United Kingdom
Auditor	MHA 6th Floor 2 New London Wall Place London EC2Y 5AU United Kingdom

The Directors present the strategic report together with the audited financial statements of HAN etf Limited (the “Company”) for the financial year ended 31 March 2023.

Review of the business and future developments

The Company is 100% owned by HANetf Holdings Limited (the “HoldCo”). The HoldCo also holds 100% of the share capital of HANetf Management Limited (the “ManCo”), HANetf EU UG (“HAN Germany”) and HANetf EU Limited (“HAN EU”) and together these entities form the HANetf group (“the Group”).

HAN EU is an entity incorporated in Ireland on 2 November 2022; being a 100% subsidiary of HANetf Holdings Limited. It was authorised by the Central Bank of Ireland on 1 September 2023 to operate as a MiFID company for the purposes of the European Union (Marketing in Financial Instruments) Regulations 2017. HAN EU had not commenced trading as at 31 March 2023. HAN Germany is an entity incorporated in Germany and was acquired by the HoldCo on 18 February 2022. It commenced trading in April 2022 and was responsible for the European marketing of certain ETC products until 1 September 2023. The ManCo was authorised by the Central Bank of Ireland on 12 December 2018 to operate as a management company for the purposes of the European Communities (Undertakings for Collective Investment in Transferable Securities) (“UCITS”) Regulations 2011. The Company has been appointed as the ManCo's marketing agent, pursuant to a marketing agreement. The Company also acts as marketing agent for the exchange traded fund (“ETF”) and exchange traded commodity (“ETC”) products and other investment vehicles in a number of jurisdictions. The Company also provides operational support to the clients, where required.

The statement of comprehensive income is set out on page 11 and shows the loss after taxation for the year ended 31 March 2023 was £112,068 (2022: £1,007,022). At 31 March 2023, the Company has a shareholder's deficit of £8,342,882 (2022: £8,230,814). The loss has decreased due to total revenue increasing from £7,574,827 for the year ended 31 March 2022 to £8,837,139 for the year ended 31 March 2023 and expenses have only increased from £8,581,850 for the year ended 31 March 2022 to £8,950,245 for the year ended 31 March 2023.

The decrease in operating loss of the Company during the year ended 31 March 2023 was due to a reduction in staff costs from £5,141,191 during the year ended 31 March 2022 to £2,826,254 during the year ended 31 March 2023. The reduction in staff costs was a result of a change in the compensation policy which resulted in a reduction in cash bonuses to employees, the replacement with share awards and an adjustment to the compensation reserves.

The Directors are not aware of any likely changes to the Company's activities or changes to the investments held in the coming years.

Key performance indicators

The key indicators of investment performance for the Company are the following:

	31 March 2022	31 March 2023
Income	£7,574,827	£8,837,139
Assets under management ("AUM")	£1,834,399,528	£1,768,398,739
Number of sub-funds and products	40	36

The average AUM of the Company as at 31 March 2023 was £1,523,237,688 (31 March 2022: £1,611,797,006). The number of ETF and ETC products contracting with the Company have decreased from forty at 31 March 2022 to thirty-six at 31 March 2023. The AUM of which the Company provides services to, decreased from £1,834,399,528 at 31 March 2022 to £1,768,398,739 as of 31 March 2023. The Company earns income from a combination of AUM based fees and fixed fees which helps reduce the sensitivity to negative AUM fluctuations.

On behalf of the Board of Directors:



Director

08 December 2023

The Directors present their report and financial statements of the Company for the year ended 31 March 2023.

Results and dividends

The statement of comprehensive income is set out on page 11 and shows the loss after taxation for the year ended 31 March 2023 was £112,068 (2022: £1,007,022). At 31 March 2023, the Company has shareholder's deficit of £8,342,882 (2022: £8,230,814). At 31 March 2022 the Company provided promotions, operations and marketing support to forty products. At 31 March 2023 this has decreased to thirty-six products. Along with the increase in revenue reported for the year ended 31 March 2023 of £8,837,139 compared to £7,574,827 reported for the year ended 31 March 2022, there has been a slight increase in administrative expenses from £8,581,850 to £8,950,245 for the year ended 31 March 2023.

The Directors have not recommended the payment of a dividend for the year ended 31 March 2023 (2022: £Nil).

Principal activity and development

The Company is 100% owned by HANetf Holdings Limited, a holding company which also holds 100% of the shares of HANetf Management Limited (the "ManCo"), HANetf EU UG ("HAN Germany") and HANetf EU Limited (HAN EU). The ManCo is the management company of HANetf ICAV ("the ICAV").

The Company has been appointed as the ManCo's marketing agent, pursuant to a marketing agreement. The Company acts as marketing agent for the ETF and ETC products and other investment vehicles in a number of jurisdictions. The Company provides operational support, where required. Subject to prior written approval from the ManCo, the Company may delegate all or part of its duties and powers to affiliated or non-affiliated agents.

Directors

The names of persons who were Directors at any time during the year ended 31 March 2023 and up to the date of approval of this report were:

N R Bienkowski

I D H McNeil

The Company's approach to risk and capital management

The Company operates within the governance structure and priority framework of the HANetf Group. It also has its own established governance framework, with clear terms of reference for the Directors including a clear organisational structure. The Company manages its capital to ensure that it is able to continue as a going concern.

Principal risks and uncertainties

The Company is an independent ETF specialist set up to bring innovative UCITS ETF and ETC products to investors via its white-label platform. The Company is exposed to risks including the following; market risk, credit risk, liquidity risk and operational risk.

Principal risks and uncertainties *(continued)*

The principal risk of the Company includes market risk and relates to the ability of the Company to generate sufficient revenue to cover its costs and to continually appoint new products onto its investment portfolio. Market risk will always be one of the main challenges of the Company as uncertainty will always be an underlying characteristic. However, management mitigate that risk through their experience and expertise in the financial markets and their ability to continue to attract and retain clients.

The Company is subject to liquidity risk in the event that the Company would not be able to pay its expenses as they fall due. This risk is mitigated by the HoldCo providing cash injections as needed so that the Company can pay its expenses as they fall due.

The Company is subject to credit risk in the event that the clients fail to pay its fees and third-party expenses. The Company requires its clients to provide a pre-funding deposit as protection against non-payment of expenses. These amounts will be held by the Company in accordance with the client agreements. If an ETF/ETC product is terminated, the relevant pre-funding deposit would be returned to the client after all expenses are settled.

Operational risk arises for the Company in the event of inadequate or failed internal processes, people, systems or external events. The Directors have put policies and procedures in place to mitigate this risk. The key staff and management of the Company are of the highest calibre and experience.

Disclosure of information to auditors

The Directors note that:

- (a) there is no relevant audit information of which the Company's auditor is unaware; and
- (b) the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' duties

The Directors are committed to acting in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. To date, the Directors have built strong relationships with their clients. The Directors maintain healthy relationships with their suppliers and service providers and are recognised as an attractive employer in the marketplace.

The Directors have third party indemnity insurance in place.

Going concern

The Directors have undertaken a review on the ability of the Company to continue as a going concern for the next twelve months from the date of approval of these financial statements.

Going concern *(continued)*

Although the Company has made a loss for the year ended 31 March 2023 budgets and forecasts have been prepared, which include assessments of possible impacts of market volatility. These budgets and forecasts demonstrate that the Company will generate sufficient revenue and have sufficient resources to meet its liabilities for at least twelve months from the date of approval of these financial statements. The audited financial statements are prepared on a going concern basis. The Directors have made an assessment of the Company's ability to continue in operation and based on the HoldCo's commitment to financially support the Company, the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. Given the provision of cash injections that have taken place and that will continue as needed, the Directors are of the opinion that the Company will continue to meet its liabilities as they fall due.

Accordingly, the Directors have adopted the going concern basis of preparation in preparing these financial statements.

Auditor

The auditor, MacIntyre Hudson LLP trading as MHA, were appointed by the Directors for the year. Following a rebrand exercise on 15 May 2023 the trading name of the Companies independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution concerning their reappointment will be proposed in accordance with section 485 of the Companies Act 2006 at the members' meeting held to approve these financial statements.

Post balance sheet events

At 30 November 2023, the AUM on which the Company provides services had increased to £2.299 billion and the number of products contracting with the Company had decreased to thirty two.

There were no other material events subsequent to the reporting date which necessitate revision of the figures or disclosures included in the financial statements.

On behalf of the Board of Directors:



N R Bienkowski
Director

08 December 2023

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for the Company for each financial year. Under that law, the Directors have elected to prepare the audited financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including Financial Reporting Standards 102; *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102")) and applicable law. Under company law, the Directors must not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at the year end date and of the profit or loss of the Company for the financial year.

In preparing those financial statements, the Directors are required to:

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

The Directors are also responsible for ensuring the Company keeps, or causes to be kept, adequate accounting records which:

- correctly explain and record the transactions of the Company;
- enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy;
- allow the Directors to ensure that the financial statements and Directors' report of the Company comply with the Companies Act 2006; and
- enable the financial statements to be audited.

The Directors 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board of Directors:



N R Bienkowski
Director

Date: 08 December 2023

Independent Auditor's Report to the Members of HanETF Limited

Opinion

We have audited the financial statements of HanETF Limited (the 'Company') for the year ended 31 March 2023 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, and the notes to the audited 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 31 March 2023 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 Financial Reporting Council's ("FRC") 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 Company'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 other information comprises the information included in the Annual report and audited financial statements other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.





Independent Auditor's Report to the Members of HanETF Limited

Opinions 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 year 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 our 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 and 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 the Directors

As explained more fully in the Directors' responsibilities statement as set out on page 7, 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 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 always 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- enquiry of management, those charged with governance, around actual and potential litigation and claims;
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- reviewing minutes of meetings of those charged with governance; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.



Independent Auditor's Report to the Members of HanETF Limited

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

David King
Senior Statutory Auditor

For and on behalf of MHA
London, United Kingdom

12 December 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number) OC312313.

HAN etf Limited

Statement of comprehensive income for the year ended 31 March 2023

	<i>Note</i>	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Revenue	4	8,837,139	7,574,827
Administrative expenses	5	(8,950,245)	(8,581,850)
Operating loss	6	(113,106)	(1,007,023)
Interest income		1,038	1
Loss on ordinary activities before taxation		(112,068)	(1,007,022)
Tax on loss on ordinary activities	8	-	-
Total comprehensive loss for the year		(112,068)	(1,007,022)

There were no other items of comprehensive income for the current or prior year other than those included in the statement of comprehensive income above.

All amounts relate to continuing operations.

The accompanying notes on pages 14 to 23 form an integral part of these audited financial statements.

HAN etf Limited

Statement of financial position as at 31 March 2023

	<i>Note</i>	31 March 2023 £	31 March 2022 £
Fixed assets			
Tangible assets	9	<u>23,009</u>	<u>24,546</u>
Total fixed assets		23,009	24,546
Current assets			
Debtors	10	2,757,124	3,763,243
Cash at bank	11	<u>2,087,305</u>	<u>1,367,558</u>
Total current assets		4,844,429	5,130,801
Creditors: amounts falling due within one year	12	<u>(13,210,320)</u>	<u>(13,386,161)</u>
Total current liabilities		(13,210,320)	(13,386,161)
Net current liabilities		(8,365,891)	(8,255,360)
Net liabilities		<u>(8,342,882)</u>	<u>(8,230,814)</u>
Capital and reserves			
Issued share capital	13	8,000	8,000
Share premium account	13	31,992	31,992
Retained deficit		<u>(8,382,874)</u>	<u>(8,270,806)</u>
Shareholder's deficit		<u>(8,342,882)</u>	<u>(8,230,814)</u>

The financial statements on pages 11 to 23 were authorised for issue by the Board of Directors on 08 December 2023 and were signed on its behalf by:



N R Bienkowski
Director

The accompanying notes on pages 14 to 23 form an integral part of these audited financial statements.

HAN etf Limited

Statement of changes in equity for the year ended 31 March 2023

	Ordinary share capital £	Share premium £	Retained deficit £	Total equity £
At 1 April 2021	8,000	31,992	(7,263,784)	(7,223,792)
Total comprehensive loss	-	-	(1,007,022)	(1,007,022)
At 31 March 2022	<u>8,000</u>	<u>31,992</u>	<u>(8,270,806)</u>	<u>(8,230,814)</u>
At 1 April 2022	8,000	31,992	(8,270,806)	(8,230,814)
Total comprehensive loss	-	-	(112,068)	(112,068)
At 31 March 2023	<u>8,000</u>	<u>31,992</u>	<u>(8,382,874)</u>	<u>(8,342,882)</u>

The accompanying notes on pages 14 to 23 form an integral part of these audited financial statements.

1. General information

HAN etf Limited (“the Company”) is a private company limited by shares and is incorporated and domiciled in England (registration number 10697042). The address of its registered office is City Tower, 40 Basinghall Street, London, England, EC2V 5DE.

The Company is 100% owned by HANetf Holdings Limited (“the HoldCo”), a holding company which also holds 100% of the shares of HANetf Management Limited (“the ManCo”); HANetf EU UG (“HAN Germany”) and HANetf EU Limited (“HAN EU”). The ManCo is the management company of HANetf ICAV (“the ICAV”). HAN Germany was responsible for the European marketing of certain ETC products. HAN EU was incorporated on 2 November 2022 but had not commenced trading at 31 March 2023.

The Company has been appointed as the ManCo's marketing agent, pursuant to a marketing agreement. The Company acts as marketing agent for the ETF and ETC products and any other investment vehicle in a number of jurisdictions. The Company will provide operational support, where required.

Subject to prior written approval from the ManCo, the Company may delegate all or part of its duties and powers to affiliated or non-affiliated agents.

2. Summary of significant accounting policies

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

(a) Basis of preparation

The audited financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, specifically Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland* (“FRS 102”) and the Companies Act 2006. There were no material departures from the standard.

The audited financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with FRS 102 and applicable law.

(b) Going concern

The Directors have undertaken a review on the ability of the Company to continue as a going concern for the next twelve months from the date of approval of these financial statements.

Although the Company has made a loss for the year ended 31 March 2023 budgets and forecasts have been prepared, which include assessments of possible impacts of market volatility. These budgets and forecasts demonstrate that the Company will generate sufficient revenue and have sufficient resources to meet its liabilities for at least twelve months from the date of approval of these financial statements. The audited financial statements are prepared on a going concern basis. The Directors have made an assessment of the Company's ability to continue in operation and based on the HoldCo's commitment to financially support the Company, the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. Given the provision of cash injections that have taken place and that will continue as needed, the Directors are of the opinion that the Company will continue to meet its liabilities as they fall due.

2. Summary of significant accounting policies (continued)

(b) Going concern (continued)

Accordingly, the Directors have adopted the going concern basis of preparation in preparing these financial statements.

(c) Exemptions

The Company has taken advantage of the exemption stated in paragraph 3.17 (d) of FRS 102 and has not presented a statement of cash flows for the Company. The Company meets the requirements of a qualifying entity as the Company is a member of a group where the parent of that group, HANetf Holdings Limited, prepares publicly available consolidated financial statements which are intended to give a true and fair value of the assets, liabilities, financial position and profit or loss and that member is included in the consolidation. This Company is included in the consolidated financial statements of that Group.

The Company has used the exemption in paragraph 33.1(a) of FRS 102 which permits a qualifying entity to not provide disclosures on related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction, is wholly owned by such a member.

(d) Foreign currency

Functional and presentation currency

The Company's functional and presentation currency is British Pound Sterling ("£") rounded to the nearest £. The Directors consider that £ reflects the primary economic environment in which the Company operates.

Transactions and balances

Transactions in currencies other than the functional currency of the Company (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(e) Interest income and interest expense

Interest income and interest expense, if any, are recognised in the statement of comprehensive income as they accrue, using the effective interest rate of the financial instrument.

Fee income includes fees charged to the clients which are calculated as a percentage of the AUM of the sub-funds and ETCs and subject to a minimum fee.

Other income includes directly attributable expenses paid by the Company that are recharged to the clients on a periodic basis.

(f) Expenses

All expenses are accounted for on an accruals basis.

(g) Taxation

Taxation expense for the year represents current tax recognised in the reporting period and is recognised in the statement of comprehensive income. Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end. Current taxation assets and liabilities are not discounted.

2. Summary of significant accounting policies (continued)

(g) Taxation (continued)

Deferred tax assets are recognised in respect of all timing differences at the reporting date. 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 assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply in the periods in which any timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

(h) Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management over its useful life.

Tangible assets, comprising of computer equipment, are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives, of three years, on a straight line basis.

(i) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The Company had an operating lease in place for the year ended 31 March 2023. Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the total lease term. Lease incentives are recognised over the total lease term on a straight line basis.

(j) Cash at bank

Cash includes deposits held at call with banks with maturities of less than 3 months.

(k) Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest rate method. At the end of each reporting period financial assets measured at amortised costs are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate method. The impairment loss is recognised in the statement of comprehensive income. There was no impairment in the current or prior financial years.

Financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price and are subsequently carried at amortised cost using the effective interest rate method. Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from service providers and are classified as current liabilities if payment is due within one year or less. Creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

2. Summary of significant accounting policies (continued)

(k) Financial instruments(continued)

Financial liabilities (continued)

Amounts payable to, or receivable from, other group companies are unsecured, interest free, have no fixed date of repayment, are repayable on demand and are disclosed as current liabilities/assets on the statement of financial position.

(l) Pension contributions

The Company operates a workplace pension scheme which is categorised as a defined contribution plan. Pension contributions made comprise employer contributions as well as employee contributions deducted from employee pay. Pension contributions are recognised as:

- An expense and included within the statement of comprehensive income; and
- As a liability to the extent that residual pension contributions are still due to be paid over to the pension scheme as at the year-end date.

All pension contributions are settled with the pension scheme within 12 months after the end of the financial period and no present value calculations are applied.

3. Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The estimated useful lives for tangible fixed assets is three years.

Impairment of debtors

The Company makes an estimate of the recoverable value of debtors. When assessing impairment of debtors, management considers factors including the ageing profile of debtors and historical experience.

4. Revenue

	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Fee income	4,719,828	5,031,224
Other income	4,101,821	2,501,881
Realised and unrealised currency gains	15,490	41,722
	8,837,139	7,574,827

Notes to the audited financial statements for the year ended 31 March 2023 (continued)

4. Revenue (continued)

Fee income includes fees charged to the clients which are calculated as a percentage of the AUM of the sub-funds and ETCs and subject to a minimum fee. The geographical markets of the fee income is broken down as follows:

<i>Geographical markets</i>	For the year ended 31 March 2023	For the year ended 31 March 2022
	£	£
United Kingdom	3,021,605	3,373,049
Rest of the World	1,559,615	1,565,681
Europe	138,608	92,494
	4,719,828	5,031,224

Other income includes directly attributable expenses paid by the Company that are recharged to the clients on a periodic basis. Expenses paid by the Company on behalf of the ManCo are also recharged to the ManCo.

<i>Geographical markets</i>	For the year ended 31 March 2023	For the year ended 31 March 2022
	£	£
United Kingdom	1,995,364	345,304
Europe	1,851,238	1,639,608
Rest of the World	255,219	516,969
	4,101,821	2,501,881

5. Operating losses are stated after charging:

	For the year ended 31 March 2023	For the year ended 31 March 2022
	£	£
Included in administrative expenses:		
Staff costs	(2,826,254)	(5,141,191)
Operating lease costs	(203,178)	(43,740)
Audit fees	(18,000)	(5,000)
Depreciation of computer equipment	(15,290)	(11,853)

6. Operating loss

During the year ended 31 March 2023, the Company incurred an operating loss amounting to £113,106 (2022: £1,007,023).

7. Staff and Directors' remuneration

The Company incurred the following costs in relation to its staff and Directors:

	For the year ended 31 March 2023	For the year ended 31 March 2022
	£	£
Wages & salaries including bonuses and contractors	2,329,077	4,679,701
Social security costs	365,111	359,575
Pension	76,686	57,993
Medical benefits	42,272	33,311
Life insurance	13,108	10,611
	2,826,254	5,141,191

Total Directors' remuneration included in the statement of comprehensive income is £383,333 (31 March 2022: £350,500) and shared equally.

The average number of employees of the Company during the year ended 31 March 2023 was:

	For the year ended 31 March 2023	For the year ended 31 March 2022
Senior management	2	2
Operations employees	28	26
	30	28

At 31 March 2023 the Company had twenty-eight (2022: twenty-six) employees in addition to two (2022: two) executive Directors.

8. Income tax

The tax charge is based on the profit for the year and represents:

	For the year ended 31 March 2023	For the year ended 31 March 2022
	£	£
Corporation tax		
Current tax on profits for the year	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Taxation on profit on ordinary activities	-	-

Notes to the audited financial statements for the year ended 31 March 2023 (continued)

8. Income tax (continued)

The reconciliation between the total tax charge for the year and the standard rate of corporation tax in the UK applied to the profit for the year is as follows:

	For the year ended 31 March 2023 £	For the year ended 31 March 2022 £
Loss on ordinary activities before tax	<u>(112,068)</u>	<u>(1,007,022)</u>
Expected tax charge based on the standard of corporation tax in the UK of 19%	(21,293)	(191,334)
Non-deductible expenses	11,585	6,961
Capital allowances claimed	(3,397)	(5,330)
Unutilised tax losses	<u>13,105</u>	<u>189,703</u>
Total tax on profits on ordinary activities	<u>-</u>	<u>-</u>

At 31 March 2023 and 31 March 2022 no deferred tax asset has been recognised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted as at the date of the statement of financial position. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against future taxable profits. At 31 March 2023 the amount of unutilised tax losses carried forward are £8,354,095 (31 March 2022: £8,285,119).

9. Tangible assets

	31 March 2023 £	31 March 2022 £
Cost – computer equipment		
At 1 April	62,520	40,942
Additions	<u>13,753</u>	<u>21,578</u>
At 31 March	<u>76,273</u>	<u>62,520</u>
Amortisation – computer equipment		
At 1 April	(37,974)	(26,121)
Charge for the year	<u>(15,290)</u>	<u>(11,853)</u>
At 31 March	<u>(53,264)</u>	<u>(37,974)</u>
Net book value at 31 March	<u>23,009</u>	<u>24,546</u>

10. Debtors

	31 March 2023 £	31 March 2022 £
Debtors	1,734,229	1,477,353
Prepayments and deferred income	681,006	2,001,799
VAT receivable	229,185	-
Amounts due from group companies	107,716	-
Rent deposit	4,940	19,100
Other receivables	48	264,991
Total debtors	2,757,124	3,763,243

11. Cash at bank

At 31 March 2023, cash at bank consisted of the following balances:

	31 March 2023 £	31 March 2022 £
Total Cash at bank	2,087,305	1,367,558

12. Creditors

	31 March 2023 £	31 March 2022 £
Amounts owed to group companies	(9,690,170)	(9,056,244)
Other creditors	(1,565,880)	(1,448,506)
Accruals	(1,387,030)	(2,682,276)
PAYE and pension contributions payable	(123,198)	(62,601)
Client security deposits	(444,042)	-
VAT liability	-	(136,534)
Total creditors	(13,210,320)	(13,386,161)

Amounts owed to group companies are unsecured, interest-free, have no fixed date of repayment and are payable on demand.

The Company requires its clients to provide a pre-funding deposit (client security deposits) as protection against late payment or non-payment of expenses. These amounts are held by the Company in accordance with the client agreements. If a client agreement is terminated, the relevant pre-funding deposit is returned to the client after all expenses are settled. These deposits are included within cash at bank.

13. Called-up share capital

	31 March 2023	31 March 2022
	£	£
Authorised, allotted and fully paid: 80,000 Ordinary shares of £0.10 each	8,000	8,000
	8,000	8,000

On 3 October 2017, the two Directors acquired 80,000 of £0.10 nominal for consideration of £40,000 resulting in share premium of £31,992. Consideration for this share issuance was the existing directors' loans of £20,000 each.

14. Immediate and ultimate controlling party

The Company's ultimate parent company is HANetf Holdings Limited, an entity incorporated in England and Wales. The Company is included in the audited consolidated financial statements of HANetf Holdings Limited.

15. Related parties

HAN etf Limited is 100% owned by HANetf Holdings Limited, a holding company which also holds 100% of the shares of HANetf Management Limited (the "ManCo"), HANetf EU UG ("HAN Germany") and HANetf EU Limited ("HAN EU"). The ManCo is the management company of HANetf ICAV (the "ICAV").

Related parties include:

- the Directors; and
- other group companies.

The Company has used the exemption in paragraph 33.1(a) of FRS 102 which permits a qualifying entity to not provide disclosures on related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction, is wholly owned by such a member.

Key management consists of two Directors. Please refer note 7 for further details on remuneration of directors.

16. Commitments and contingencies

In June 2022, the Company was served with a request for Arbitration. The Company vigorously defended against claims made in the London Court of International Arbitration. A provision has not been made with respect to these matters as at 31 March 2023. Any liability resulting from these arbitration proceedings are assessed by the Directors having taken advice from their external legal advisers, to be possible, however not probable and therefore has been disclosed as a contingent liability in these financial statements. Management have not considered it practical to disclose an estimate of its financial effect of these proceedings in the financial statements of the Company. Due to an insurance policy in place, and a potential reimbursement under this, the Company estimates the upper limit of any liability would be limited to a contribution under the insurance policy excess of approximately €25,000.

17. Post balance sheet events

At 30 November 2023, the AUM on which the Company provides services had increased to £2.299 billion and the number of products contracting with the Company had decreased to thirty two.

There were no other material events subsequent to the reporting date which necessitate revision of the figures or disclosures included in the financial statements.