

**Company Registration No. 4332528**

**HANDELSBANKEN ACD LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 December 2022**



# **HANDELSBANKEN ACD LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS** **For the period ended 31 December 2022**

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## **HANDELSBANKEN ACD LIMITED**

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### **Company Information**

#### **Directors**

James Michael Martin	(Appointed on 1 November 2021)
Wendy Madeleine Mayall	(Appointed on 1 November 2021)
Ann Lindsay Roughead	(Appointed on 1 November 2021)
Peter David McCree	(Chief Operating Officer- Appointed on 15 November 2016)
Marc Wood	(Head of Fund Governance & Oversight- Appointed on 15 September 2020)

#### **Secretary**

Victor Ondoro	(Appointed on 7 April 2021)
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#### **Registered Office**

77 Mount Ephraim,  
Tunbridge Wells,  
Kent  
TN4 8BS

#### **Bankers**

Handelsbanken plc  
2<sup>nd</sup> Floor  
1 Kingsway  
London  
WC2B 6AN

#### **Independent Auditor**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

#### **Solicitors**

Farrer & Co  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

### **STRATEGIC REPORT**

#### **THE CHIEF EXECUTIVE OFFICER'S COMMENTS**

##### **Our business model**

Handelsbanken ACD Limited (the 'Company' or 'HACD') is the wholly owned subsidiary of Handelsbanken Wealth & Asset Management Limited ('HWAM'). The principle activity of the Company is to provide the administration and oversight of delegates & outsourced suppliers as well as providing the Legal, Governance and Risk & Compliance framework around the funds.

##### **Business trends and factors affecting future development**

##### **Review of the period ended 31 December 2022**

The Directors are satisfied with the Company's performance after the first full year of operations to the period-end.

The Company's financial performance is presented in the statement of Statement of Profit or Loss and Other Comprehensive Income. At the end of the 31 December 2022, the financial position showed total assets of £3.2m (2021: £3.7m). The Company paid no dividend in 2022. (2021: nil) The Company has total equity of £1m (2021: £1m) as at 31 December 2022.

As per a signed letter of commitment between the Company and its immediate Parent (HWAM), the revenue earned by the company from the Handelsbanken Multi Asset Funds are payable to HWAM, and in return all expenses of the Company are borne by HWAM.

### DIRECTOR REPORT

The Directors present their report and the financial statements of Handelsbanken ACD Limited (the 'Company' or 'HACD') for the year to 31 December 2022.

### Risks

Handelsbanken ACD Limited, like its parent Handelsbanken Wealth & Asset Management, has a low risk tolerance which is maintained through a strong risk culture achieved through empowerment, education, and accountability, and supported by the Risk Management Framework.

The Risk Management Framework sets out the structure underpinning risk management in the Company, including risk tolerance, governance, and the approach to identifying, assessing, managing and reporting relevant risks. A number of risk policies are in place, together with instructions, which cover the operational elements of risk management. As part of the Handelsbanken Group, we believe that strong risk management and control is a key part of being a sustainable business and delivering value for stakeholders. The Board of Directors is ultimately responsible for the effective management of risk and establishing an integrated and enterprise-wide risk culture. It also has the overall responsibility for setting the strategy and corporate objectives and in doing so the level and type of risks that they are prepared to allow the business to take in pursuit of the corporate goals. The Board oversees the establishment of the risk policies to support the governance of risk management and control. The Board has responsibility for the oversight of the regulatory activities of the Funds, focusing on compliance, risk, systems and controls and regulatory responsibilities. There are three Board Committees which consider the risk profile of the Multi Asset fund range: the Investment Oversight Committee, the Product Governance Committee, and the Audit, Risk & Compliance Committee, in addition to the Management and Oversight Committee.

Risk tolerances are set by the Company's Board and are used to guide decision making and risk management. Risk tolerance statements are supplemented by quantitative metrics where possible.

Risk identification is carried out through:

- A top down risk assessment starting from the Company's principal risks, as defined in the risk taxonomy, and from there identifying specific risk events relevant to the company
- A bottom up assessment identifying key inherent risks in the business that affect the ability to meet the Company's objectives
- An assessment of emerging risks or existing risks which are changing.

Risk assessment is undertaken by considering the impact and probability (likelihood) for each risk at an inherent level, and then at a residual level, i.e. after taking the existing controls and risk mitigating measures into account.

Risks are managed through preventative, detective and corrective controls. Business areas own their own risks, and are responsible for day-to-day monitoring of these. The Compliance function undertakes independent monitoring, using a risk-based approach, and the Risk function supports the business areas in working with their risks.

## HANDELSBANKEN ACD LIMITED

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Risk reporting is undertaken within the governance structure, where the risks are reported to the relevant committee and then escalated where appropriate to the Board. Dialogue is maintained with the parent company, Handelsbanken Wealth & Asset Management, and escalation to the parent takes place on a materiality basis.

Risks to the business are defined as:

- **Operational risk:** Operational risk refers to the risk of loss due to inadequate or failed internal processes, people, systems or external events. This category includes, but is not limited to, information technology risk, information and cyber security risk, financial crime risk, conduct risk, third party management risk and legal risk.
- **Strategy risk:** This category includes the risk of loss of income, inability to reach strategic objectives, or risk of sustained financial loss due to business strategy decisions or plans, failure to implement strategies or failure to adapt strategies to changes in the external or internal business environment.
- **Investment & market risk:** Included in this category are investment breaches and investment performance risk, and liquidity risk. The Company does not engage in proprietary trading and therefore exposure to investment and market risk concerns the implications for investment performance and therefore assets under management, client satisfaction and customer outcomes, and thus the implications for the Company's income. Liquidity risk in this context relates to enabling clients to redeem their investments or access their portfolio cash within reasonable time periods and in accordance with fund terms and regulations.
- **Cross-cutting/other risks:** This category includes business liquidity, credit, settlement, and reputational risk. Business liquidity risk is the risk that the Company will not be able to meet its payment obligations when due without unacceptable costs or losses. Credit and settlement risk refer to the risk of the Company facing economic loss as a result of money owed to the Company not being paid or more generally counterparties being unable to fulfil their contractual obligations.

For further information on the Company's business risks, see Note 23 to the financial statements.

### **Directors**

The Directors as at the date of this report are shown on page 3. Most of the Directors were appointed in 2021 as the Company's go-live date was the 29<sup>th</sup> November 2021.

### **Dividends**

The Directors do not recommend the payment of a dividend (2021: £Nil).

### **Future developments**

The Company intends to continue providing the administration and oversight of delegates & outsourced suppliers as well as providing the Legal, Governance and Risk & Compliance framework around the funds. The Company has delegated the investment management and distribution activities to HWAM (parent Company).

### **Financial instruments**

The Company does not undertake any trading activity in financial instruments or engage in any hedging activities as it has no transactions denominated in currencies other than its functional currency, sterling.

Financial assets and liabilities such as trade receivables and trade payables arise directly from the Company's operating activities.

Financial instruments give rise to foreign currency, interest rate, credit and liquidity risk. Information on how these risks arise is set out in the Strategic report and Note 15 to the financial statements, as are the objectives, policies and processes for their management.

### **Going concern**

The Company's business activities, together with factors likely to affect its future development and its exposure to risk, are described in the Strategic report.

Management continues to monitor the impact that the external macro circumstances have on the Company and the wealth and asset management industry. Management has performed an impact analysis in particular in the face of raising inflation and a downward trending market as part of its going concern assessment using information available to the date of issue of these financial statements. The analysis has modelled a number of adverse scenarios to assess the potential impact they may have on the Company's operations, liquidity, solvency and regulatory capital position to assess the stresses the balance sheet has to endure before there is a breach of the relevant regulatory capital requirement and including an assessment of any relevant mitigations management has within its control to implement. In the unlikely event that the Company could breach its regulatory capital requirements, it can rely on the support of its ultimate parent undertaking, Svenska Handelsbanken AB (publ).

Having performed this analysis, management believes regulatory capital requirements will continue to be met and the Company to have sufficient liquidity to meet its liabilities for 12 months from the date of approval of these financial statements and that the preparation of the financial statements on a going concern basis remains appropriate.

The Company's business activities, together with factors likely to affect its future development and its exposure to risk, are described in the Strategic report.

The Company has sufficient financial resources and established contracts with clients and suppliers, including the Handelsbanken Group. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing their annual report and financial statements.

### **Charitable and political donations**

The Company made no charitable donations during the period. No political donations were made.

**Disclosure of information to auditor**

The Directors holding office at the date of approval of this Directors' report each confirm that:

- to the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps they might reasonably be expected to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Other information**

An indication of likely future developments in the business and particulars of significant events that have occurred since the end of the financial period have been Included In the Strategic Report on pages 4 to 5.

**Independent Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and therefore PricewaterhouseCoopers LLP will continue in office.

**Approved by the Board of Directors  
and signed on behalf of the Board**



**Marc Wood**  
**Head of Fund Governance & Oversight and Director**  
**(CEO Handelsbanken ACD Limited)**

**10 March 2023**



**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF  
THE FINANCIAL STATEMENTS**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information 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 that information.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
HANDELSBANKEN ACD LIMITED**

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**Report on the audit of the financial statements**

**Opinion**

In our opinion, Handelsbanken ACD Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: statement of financial position as at 31 December 2022; statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
HANDELSBANKEN ACD LIMITED**

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**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

**Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

**Responsibilities for the financial statements and the audit**

**Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
HANDELSBANKEN ACD LIMITED**

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**Auditors' 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 auditors' 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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the UK regulatory principles, such as those governed by the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to increase revenue of the company. Audit procedures performed by the engagement team included:

- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing over certain areas; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts, where any such journal entries were identified;
- Enquiries with management, compliance and legal, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Reviewing relevant board meeting minutes.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **HANDELSBANKEN ACD LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANDELSBANKEN ACD LIMITED**

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#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Lauren Cooper (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
10 March 2023

## HANDELSBANKEN ACD LIMITED

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the period ended 31 December 2022

	Note	2022 £000	2021* £000
<b>Turnover</b>	4	<b>27,577</b>	2,728
Management fee due to immediate parent Company		(27,577)	(2,728)
Operating expenses		-	-
<b>Operating result</b>		-	-
Other revenue	4.1	542	42
Other expenses		(542)	(42)
<b>Result before taxation</b>		-	-
Income tax expense		-	-
<b>Result for the period</b>		-	-
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income for the period, net of tax</b>		-	-

The notes on pages 18 to 31 form part of these financial statements.

The results for current period were derived wholly from continuing operations.

\* The Company started operations on 29 November 2021.

**HANDELSBANKEN ACD LIMITED****STATEMENT OF FINANCIAL POSITION****At 31 December 2022****Company Registration No. 4332528**

	Note	31 December 2022 £000	31 December 2021 £000
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	8	2,249	2,728
Cash and cash equivalents	9	1,000	1,000
<b>TOTAL ASSETS</b>		<b>3,249</b>	<b>3,728</b>
<b>Current liabilities</b>			
Trade and other payables	10	2,249	2,728
<b>TOTAL LIABILITIES</b>		<b>2,249</b>	<b>2,728</b>
<b>NET ASSETS</b>		<b>1,000</b>	<b>1,000</b>
<b>EQUITY</b>			
Share capital	11	1,000	1,000
<b>TOTAL EQUITY</b>		<b>1,000</b>	<b>1,000</b>

The notes on pages 18 to 31 form part of these financial statements.

These financial statements on pages 14 – 31 were approved by the Board of Directors on 10th March 2023  
and signed on its behalf by



**Marc Wood**  
**Head of Fund Governance & Oversight and Director**  
**(CEO Handelsbanken ACD Limited)**

**HANDELSBANKEN ACD LIMITED****STATEMENT OF CHANGES IN EQUITY**  
**For the period ended 31 December 2022**

	<b>Share Capital</b>	<b>Capital contribution</b>	<b>Retained earnings</b>	<b>Total Equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2021	-	-	-	-
Result for the period	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-
<b>Transactions with owners, recognised directly in equity</b>				
Increase in share capital	<b>1,000</b>	-	-	<b>1,000</b>
At 31 December 2021	<b>1,000</b>	-	-	<b>1,000</b>
Result for the year	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-
<b>Transactions with owners, recognised directly in equity</b>	-	-	-	-
<b>At 31 December 2022</b>	<b>1,000</b>	-	-	<b>1,000</b>

For further details on share capital please see note 11

The notes on pages 18 to 31 form part of these financial statements.



**HANDELSBANKEN ACD LIMITED****STATEMENT OF CASH FLOWS**  
**For the period ended 31 December 2022**

	<b>Note</b>	<b>2022 £000</b>	<b>2021 £000</b>
<b>Net cash flows from operating activities</b>	14	-	-
<b>Net cash used in investment activities</b>		-	-
<b>Cash flows from financing activities</b>			
Increase in share capital		-	1,000
<b>Net cash from financing activities</b>		-	1,000
<b>Net increase from cash and cash equivalents</b>		-	1,000
Cash and cash equivalents at start of period	9	<b>1,000</b>	-
<b>Cash and cash equivalents at end of period</b>	9	<b>1,000</b>	1,000

The notes on pages 18 to 31 form part of these financial statements.

## **HANDELSBANKEN ACD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 31 December 2022**

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#### **1. CORPORATE INFORMATION**

Handelsbanken ACD Limited ('the Company') is a United Kingdom private limited company incorporated and domiciled in England and Wales. The Company is the wholly owned subsidiary of Handelsbanken Wealth & Asset Management Limited ('HWAM'). The Company is authorised by the Financial Conduct Authority ('FCA') to provide investment services, including the handling of client money and assets.

The Company commenced operations on 29 November 2021 prior to this the Company was dormant.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with UK adopted international accounting standards

The financial statements have been prepared on a historical cost basis and are presented in sterling (£) rounded to the nearest thousand (£000) unless otherwise indicated.

There have been no significant Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

##### **(b) Going concern**

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future - which has been taken as 12 months from the date of approval of the financial statements, through to 31 March 2024. In making this assessment, the Directors have considered a wide range of Information relating to present and future conditions, including the current state of the balance sheet, future projections of profitability, cash flows, capital resources and the longer-term strategy of the business.

Taking all relevant factors into consideration, the Directors believe regulatory capital requirements will continue to be met and the Company to have sufficient liquidity to meet its liabilities for 12 months from the date of approval of these financial statements and that the preparation of the financial statements on a going concern basis remains appropriate.

## **HANDELSBANKEN ACD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 31 December 2022**

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#### **(c) Adoption of standards, amendments and interpretations**

During the current year, the Company did not adopt any new standards, amendments or interpretations.

The following new and amended standards are not expected to have a material impact on the Company's financial statements:

- 'Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)'
- 'Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)'
- 'Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)'
- 'Reference to the Conceptual Framework (Amendments to IFRS 3)'

The Company has not early-adopted any standards, amendments or interpretations that have been issued but are not yet effective. The Directors have concluded that they are either not applicable to the Company or would not have a material impact on its financial statements when they become effective. These are listed below:

#### *Effective for period beginning on or after 1 January 2023*

- 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)'
- 'Definition of Accounting Estimates (Amendments to IAS 8)'
- 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)'
- 'Insurance contracts (IFRS 17 replacing IFRS 4)'

#### *Effective for period beginning on or after 1 January 2024*

- 'Non-current liabilities with covenants (Amendments to IAS 1)'
- 'Leases on sale and leaseback (Amendments to IFRS 16)'

#### **(d) Foreign currency**

##### *(i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in sterling, being the Company's functional and presentation currency.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into sterling using the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date and the gains and losses on translation are recognised in the statement of comprehensive income.

## HANDELSBANKEN ACD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2022

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Non-monetary assets and liabilities which are held at historical cost are translated using exchange rates prevailing at the date of transaction; those held at fair value are translated using exchange rates ruling at the date on which fair value was determined.

#### **(e) Revenue from contracts with customers**

Revenue recognition is based on the principles of IFRS 15 'Revenue from Contracts with Customers', where appropriate.

Revenue recognised in any period is based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

Revenue earned gradually as services are performed are recognised at the rate these services are delivered, i.e. on a straight-line basis over time. This reflects a customer receiving and consuming the service simultaneously, meaning the Company's obligation is fulfilled in line with the rendering of the service.

Revenue attributable to a specific service or action is recognised when the service has been performed, i.e. at a specific point in time.

Revenue excludes discounts, rebates, and other sales taxes.

Trade receivables arise from investment management fees that have been billed and are repayable in accordance with the underlying agreement; where such fees and services are yet to be billed, they are reported as accrued income.

Deferred income is recognised for payments received for services that have not yet been performed.

#### **Investment management fees**

Investment management fees are recognised as the underlying service is performed, i.e. 'over time'.

#### **(f) Other Expenses and Income**

##### **(i) Other expenses**

Other expenses comprise of the charges directly invoiced and in the name of the Company.

##### **(ii) Other revenue**

Other revenue comprises the aforementioned 'other expenses' which are bourn by the immediate parent undertaking.

## **HANDELSBANKEN ACD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **For the period ended 31 December 2022**

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#### **(g) Financial instruments – initial recognition and measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Upon initial recognition, all financial assets and liabilities are measured at fair value. Directly attributable transaction costs are included in the acquisition cost.

##### **Financial Assets**

All financial assets (with the exception of trade receivables) are initially measured at fair value adjusted for transaction costs and classified into one of the following categories: amortised cost, fair value through other comprehensive income ('FVOCI'), or fair value through profit or loss ('FVTPL').

The classification of financial assets is determined by both the Company's business model for managing the financial instruments (with the exception of trade receivables), and the contractual cash flow characteristics of the financial asset. All of the Company's financial assets are categorised at amortised cost.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

After initial recognition financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes cash and cash equivalents trade receivables, and receivables from related parties.

Financial assets are derecognised from the balance sheet when the contractual rights to the cash flows originating from the asset expire or when all risks and rewards related to the asset are transferred to another party

##### ***Impairment of financial assets***

The Company assess at the end of each reporting period whether there is any evidence that a financial asset or group of financial assets held at amortised costs are impaired. 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 assets original effective interest rate.

## **HANDELSBANKEN ACD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **For the period ended 31 December 2022**

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#### *Trade and other receivables*

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy for Revenue from contracts with customers (Note 2(e)).

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies above regarding the initial recognition and subsequent measurement of financial assets.

#### *Impairment*

For trade and other receivables, the Company applies a simplified approach in calculating expected credit losses (ECLs).

#### *Cash and Cash Equivalents*

Cash and short-term deposits in the statement of financial position comprise cash at banks and on-hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of any outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### *Financial liabilities*

As a general rule, financial liabilities are measured at amortised cost. The exceptions being derivatives and financial liabilities designated at FVTPL. All of the Company's financial liabilities are measured at amortised cost as it does not have any derivatives or financial liabilities recognised under the fair value classification. The Company's financial liabilities at amortised cost include trade payables, and payables to related parties.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **HANDELSBANKEN ACD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **For the period ended 31 December 2022**

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#### **(h) Provisions**

Provisions are liabilities where there is uncertainty over the timing or amount of settlement and are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate which reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passing of time is recognised as a finance cost.

### **3. KEY SOURCES OF JUDGEMENTS AND ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. However, there have been no significant Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period.

# HANDELSBANKEN ACD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2022

### 4. TURNOVER

Revenue in both years was generated in the UK and is analysed as follows:

	2022 £000	2021 £000
Revenue from contracts with customers (MAF funds)	27,577	2,728
	27,577	2,728

#### Revenue from contracts with customers

<i>Revenue from contracts with customers</i>	Investment management fees £000	Other Investment revenue £000	Total £000
<b>For the period ended 31 December 2022</b>			
<b>Type of service</b>			
Investment management services	27,577	-	27,577
Other investment management revenue	-	-	-
<b>Total revenue from contracts with customers</b>	<b>27,577</b>	<b>-</b>	<b>27,577</b>
<b>Timing of revenue recognition</b>			
Services transferred at a point in time	27,577	-	27,577
Services transferred over time	-	-	-
<b>Total revenue from contracts with customers</b>	<b>27,577</b>	<b>-</b>	<b>27,577</b>
<b>For the period ended 31 December 2021</b>			
<b>Type of service</b>			
Investment management services	2,728	-	2,728
Other investment management revenue	-	-	-
Rendering of wealth management services	-	-	-
<b>Total revenue from contracts with customers</b>	<b>2,728</b>	<b>-</b>	<b>2,728</b>
<b>Timing of revenue recognition</b>			
Services transferred at a point in time	2,728	-	2,728
Services transferred over time	-	-	-
<b>Total revenue from contracts with customers</b>	<b>2,728</b>	<b>-</b>	<b>2,728</b>



## HANDELSBANKEN ACD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2022

#### 4.1 OTHER REVENUE

	2022 £000	2021 £000
Other Revenue	542	42

Other revenue includes costs in the name of HACD. This is borne and paid by the parent (i.e. HWAM). As this has been invoiced to HACD, this is shown as other expense and other revenue accordingly.

#### 5. AUDITORS' REMUNERATION

Auditors' Remuneration paid and borne by the Parent Company on behalf of HACD (net of VAT) was as follows:

	2022 £000	2021 £000
<b>Audit-related services</b>		
Audit of the Company		
— current period	35	51
	35	51
<b>Non-audit-related services</b>		
Other assurance – CASS reporting		
— current period	95	-
	95	-

#### 6. DIRECTORS' REMUNERATION

Executive and Non-executive Remuneration paid and borne by the Parent Company on behalf of HACD was as follows:

	2022 £000	2021 £000
Short-term employment benefits	392	230
Share based payments	2	1
Company contributions to defined contribution pension plans	-	-
	394	231

## HANDELSBANKEN ACD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2022

The amounts in respect of the highest paid Director were as follows:

	<b>2022</b> <b>£000</b>	2021 £000
Director Emoluments and fees	<b>222</b>	205
	<b>222</b>	205

The Company considers its key management personnel in the current period to be the Directors.

#### 7. EMPLOYEE BENEFITS EXPENSE

HACD has no direct employees. All staff are employed by the immediate Parent Company (HWAM).

#### 8. TRADE AND OTHER RECEIVABLES

	<b>2022</b> <b>£000</b>	2021 £000
Trade receivables	<b>2,249</b>	2,728
Other receivables — current	-	-
	<b>2,249</b>	2,728

Trade and other receivables include accrued income and represent amounts recognised by the Company in the normal course of business. Trade and other receivables are initially recorded at fair value and then at amortised cost, after the deduction of provisions for bad and doubtful debts (if any).

The Company's trade receivables mainly arise from investment management fees that have been billed and are repayable in accordance with the underlying agreement; where such fees and services are yet to be billed, they are reported as accrued income.

## HANDELSBANKEN ACD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2022

#### 9. CASH AND CASH EQUIVALENTS

	2022 £000	2021 £000
Cash at banks and in hand	1,000	1,000

At 31 December 2022 and 31 December 2021, the above cash at bank amounting to £1,000,000 was held with Handelsbanken plc, the ultimate parent undertaking in the current account. No interest was earned on this balance.

#### 10. TRADE AND OTHER PAYABLES

	2022 £000	2021 £000
Trade payables	2,249	2,728

Trade and other payables represent amounts the Company is due to pay to the Parent Company (HWAM), in respect to the investment management service delegated by the Company to HWAM in the normal course of business. Trade and other payables are initially recorded at fair value, and subsequently at amortised cost. All trade and other payables have effective interest rates of zero per cent.

#### 11. SHARE CAPITAL

Share capital	Ordinary shares of GBP 1 each
	Number
Authorised, allotted, called up and fully paid At 31 December 2022 and 31 December 2021	1,000,002
	£
At 31 December 2022 and 31 December 2021	1,000,002

In 2021 there was a new allotment of shares amounting to GBP 1m to the immediate parent company before the go-live date.

## HANDELSBANKEN ACD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2022

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#### 12. CAPITAL COMMITMENTS

At 31 December 2022, the Company had no capital commitments (2021: £Nil).

#### 13. PENSION COSTS

HACD has no direct employees. All pension costs are borne by HWAM (the immediate parent Company) who make a contributions to a defined contribution scheme on behalf of employees. Total contributions are charged in the statement of comprehensive income of the parent company as they become payable.

#### 14. NET CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of operating result for the period to net cash flows from operating activities:

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	<b>2022</b>	2021
	<b>£000</b>	£000
Operating result	-	-
Changes in working capital and provisions		
— decrease/(increase) in trade and other receivables	<b>479</b>	(2,728)
— (decrease)/increase in trade and other payables	<b>(479)</b>	2,728
Cash generated from operations	-	-
Interest received	-	-
Interest paid	-	-
Income taxes paid	-	-
Net cash flows from operating activities	-	-

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## **HANDELSBANKEN ACD LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended 31 December 2022**

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#### **15. FINANCIAL RISK MANAGEMENT**

The Company's operations expose it to a variety of financial risks, primarily through holding financial instruments (financial assets and financial liabilities). The main risks arising from financial instruments are credit risk, market risk, and liquidity risk. Financial assets primarily comprise trade and other receivables, and cash. Financial liabilities comprise trade and other payables. The risks are explained below with regard to the general operations of the Company and with regard specifically to the wealth management sector.

##### **(a) Credit risk**

Credit risk is the risk that money owed to the Company will not be received.

Trade receivables at 31 December 2022 amounted to £2,249,000 (2021: £2,728,000) receivable from MAF funds for the fund management and other fees which has been subsequently received in January 2023.

The Company has a lower tolerance to counterparty risk, such as its custodian relationships or institutions where the Company deposits both segregated client cash and firm cash or cash equivalents, and has formal policies in this area.

Cash and cash equivalents (Note 9) comprise current accounts that are repayable on demand, and held with Handelsbanken plc (the ultimate parent undertaking).

Due diligence is performed on all proposed new banking institutions, whether for firm cash or segregated client cash, and for the latter the banking institutions are assessed annually. Segregated client cash is regulated under the rules set out by the Financial Conduct Authority in relation to client money and assets (Client Assets Sourcebook 'CASS').

##### **(b) Market risk**

Market risk is the risk that the value of financial instruments will fluctuate as a result of movements in factors such as market prices, interest rates and foreign exchange rates.

An example of market risk is interest rate risk, being the risk that the Company will sustain losses from adverse movements in interest bearing assets. However, the Company does not have any overdrafts or external borrowings. Even the cash at bank money is held in the non-interest bearing current accounts repayable on demand.

Unsettled trade receivables are not interest-bearing financial assets.

The Company does not take on proprietary market risk activity as part of its specific business model and does not carry foreign currency positions on its own books and so is not exposed to movements in exchange rates. The Company is risk aware in its investment process. The Company takes different levels of market risk within its investment strategies, and within this, does take strong conviction positions. This is clearly explained to clients during the take-on process and at client meetings. The Company's Multi Asset Funds have foreign currency exposure, which is monitored on an ongoing basis as part of the investment process. The Company has a low tolerance for risks associated with investment performance and this is managed through a diversified investment approach and strong portfolio management controls.

## HANDELSBANKEN ACD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2022

#### (c) Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due or can only do so at a cost.

The Company's activities result in a cash-generative business, all of the expenses of the Company are borne by HWAM (Immediate Parent Company) the Company maintains a surplus above regulatory and working capital requirements. The trade payables relates to payment to the Parent Company in respect to the investment management service delegated by the Company to HWAM in the normal course of business.

The Company has a low tolerance for liquidity risk and as a result the risk is managed intra-day, with information reported quarterly and monthly information circulated to relevant management.

## 16. RELATED PARTY TRANSACTIONS

#### (a) Transactions with key management personnel

The compensation of the Directors is disclosed in Note 6.

#### (b) Other related party transactions

The following transactions were undertaken with immediate parent undertaking:

Revenue and recharges / (expense)	2022	2021
	£000	£000
Investment management fees	(27,577)	(2,728)
Fund accounting charges	(489)	(42)
Professional fees	(35)	-
Other expenses	(18)	-

Under a letter of commitment between the Company and HWAM, the revenue earned by the company from the Handelsbanken Multi Asset Funds are payable to HWAM (disclosed as 'Investment management fees' above), and in return all expenses of Company are borne by HWAM.

Total costs borne by immediate Parent Company (HWAM) on behalf of the Company, has been disclosed in the above table. These relate to those charged directly in the name of the Company.

## HANDELSBANKEN ACD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 December 2022

In relation to these transactions, outstanding balances with related party undertakings at 31 December 2022 and 2021 were as follows:

<b>Payables</b>	<b>2022 £000</b>	<b>2021 £000</b>
<i>Ultimate parent undertaking (see note 18)</i>		
Fund management services delegated	<b>2,249</b>	2,728
	<b>2,249</b>	2,728

#### 17.SUBSEQUENT EVENTS

The Company has evaluated events from 31 December 2022 through the date the financial statements were issued. There were no subsequent events requiring disclosure.

#### 18.IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Handelsbanken Wealth & Asset Management Limited which is owned by Handelsbanken plc, incorporated in England and Wales.

Svenska Handelsbanken AB (publ), incorporated in Sweden, is the ultimate parent undertaking and heads the largest Group in which the results of the Company are consolidated.

The Group financial statements of Svenska Handelsbanken AB (publ) are available from [www.handelsbanken.com](http://www.handelsbanken.com).