Hargreaves Lansdown plc

Preliminary Results Announcement Year ended 30 June 2016

Embargoed: for release at 0700h, 7 September 2016

Hargreaves Lansdown grows revenue, profit, assets under administration and active client numbers to new record levels. Assets exceed £60 billion for the first time.

Hargreaves Lansdown plc ("Hargreaves Lansdown" or the "Company") is pleased to announce its preliminary results for the year ended 30 June 2016.

Highlights:

- Strong growth in Assets Under Administration up 12% to £61.7 billion
- 836,000 active clients, an increase of 100,000 in the year
- Profit before tax increase of 10% to £218.9 million
- Total dividend up 3% at 34.0 pence per share
- See separate RNS and press release for details on Board succession

	Year to 30 June 2016	Year to 30 June 2015	**Change %**
Net revenue	**£326.5m**	£294.2m	**+11%**
Profit before tax	**£218.9m**	£199.0m	**+10%**
Total assets under administration	**£61.7bn**	£55.2bn	**+12%**
Diluted earnings per share	**37.3p**	33.1p	**+13%**
Net new business inflows	**£6.0bn**	£6.1bn	**-2%**

Ian Gorham, Chief Executive, commented:

"We are delighted to present a set of results demonstrating a healthy profit growth and continued substantial new assets and clients. Hargreaves Lansdown is well positioned to take advantage of the structural opportunity for growth in the savings and investments market, including the launch of the Lifetime ISA in April next year."

About us:

Hargreaves Lansdown operates the UK's largest direct to investor investment service, administering over £61.7 billion of investments in ISA, SIPP and Investment accounts for 836,000 active clients. We have been helping clients choose and manage their investments since 1981 and provide self-directed, advisory and third party arrangement and management services for individuals and corporate clients. Hargreaves Lansdown has built a respected reputation with clients and the investment industry and works tirelessly to maintain and improve the lot of retail investors. Our aim is to be the UK's number 1 choice for savings and investments.

Our success is built around high quality client service tailored to investor needs, and ensuring that our clients have access to information to support them with their investment decisions. Our knowledgeable and helpful staff, technology and experience enable us to provide an efficient and convenient service to our clients. The business model is highly scalable and has a strong track record of delivering growth and value for our shareholders and clients alike.

We are proud of our success and are committed to delivering continued value and service to both clients and shareholders.

Contacts:

Hargreaves Lansdown
For media enquiries:
Danny Cox, Head of Communications
+44(0)117 317 1638
Ian Gorham, Chief Executive Officer

For analyst enquiries:
James Found, Head of Investor Relations
+44(0)117 988 9898
Christopher Hill, Chief Financial Officer

Analysts' presentation

Hargreaves Lansdown will be hosting an investor and analyst presentation at 9.00am on 7 September 2016 following the release of the results for the year ended 30 June 2016. To attend the presentation contact james.found@hl.co.uk. Slides accompanying the analyst presentation will be available this morning at www.hl.co.uk/investor-relations and an audio recording of the analyst presentation will be available by close of business on the day.

Alternative financial performance measures

Included in this announcement are various alternative performance measures used by the Company in the course of explaining the results for the year to 30 June 2016. These measures are listed along with the calculations to derive them and an explanation of why we use them on page 23 in the Glossary of Alternative Financial Performance Measures.

Forward-looking statements

This document has been prepared to provide additional information to shareholders to assess the current position and future potential of the Hargreaves Lansdown Group ("the Group"). It should not be relied on by any other party for any other purpose. This document contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from the results discussed in the forward-looking statements as a result of various economic factors or the business risks, some of which are set out in this document.

Extract from Chairman's Statement

Continued growth in clients and assets driving a return to profits growth.

Growth

Our asset gathering has continued despite periods of low investor confidence during the year, particularly in the first quarter of the current calendar year which has historically been a strong period for us. Investors have been concerned by weaker financial markets, geo-political uncertainty, economic weakness and, in the latter stages of the reporting period, the debate surrounding the referendum on the UK's membership of the European Union ("EU"). Notwithstanding this, we have delivered net new business inflows in line with last year, underpinned by impressive numbers of net new clients. As a result, our assets under administration finished the year at another record level.

We have delivered strong underlying performance across our business and we are pleased to report a 10% increase in profits, despite market weakness during the period. The return to profit growth and the continued pace of asset gathering gives us the confidence to invest in the future growth of the business. Over the course of the year, we have broadened the range of our Hargreaves Lansdown Multi-Manager Funds, and carried on the development of our savings proposition which remains on target to launch in late calendar year 2016.

Governance

Good governance remains at the heart of everything we do. During the course of the year, the Board Risk Committee has spent time on the development and approval of the Internal Capital Adequacy Assessment Process and improved its focus on emerging risks. In appointing Jayne Styles as Chair of the Investment Committee, we have sought to refine and focus the remit of the Investment Committee. We commissioned a mid-year Internal Audit review of the action plan arising from last year's external Board effectiveness review and are pleased with the progress we are making as we continue to develop the Board.

Dividend

We are a financially strong Group with a robust balance sheet retaining a capital base over and above regulatory capital adequacy requirements. Given the delivery of strong earnings growth in the year and taking into account the future cash requirements of the Group, the Board has approved a total dividend for the year of 34.0p per share (2015: 33.0p), representing a 3% increase versus 2015 and a dividend pay-out ratio of 91% (2015: 99%), more in line with historic pay-out levels. This represents a second interim ordinary dividend of 16.30p per share (2015: 14.30p) and a special dividend of 9.90p per share (2015: 11.40p).

People

We recognise the importance of developing a team which contains the best talent in the industry and have sustained our focus on supporting our people, with much attention on leadership and development, culture and succession planning during the year.

We have made a number of changes to the Board. In October 2015 we appointed Jayne Styles as a new independent Non-Executive Director and Chair of the Investment Committee. Jayne is the Chief Investment Officer of MS Amlin and brings broad investment knowledge and relevant financial services experience. In February 2016, we welcomed Christopher Hill as our new Chief Financial Officer, who brings a wealth of financial and operational experience. As previously announced, Dharmash Mistry resigned as a Non-Executive Director at the end of August 2015 and we thank Dharmash for his contribution to the Board, particularly in the digital arena.

The coming year is an exciting one as we seek to continue the Group's growth trajectory, building on the new services and features delivered in recent years and the introduction of our savings proposition to allow us to continue to thrive in our chosen markets. Our dedicated and talented people remain integral to our success and, as always my gratitude goes to my colleagues for their continuing hard work, diligence and enthusiasm.

Mike Evans
Chairman
6 September 2016

Chief Executive's Review

We are pleased to present our results for the year ended 30 June 2016, reporting a strong profit increase, alongside excellent growth in Clients and Client Assets, which now exceed £60bn for the first time.

Headlines

The year to 30 June 2016 saw a return to profit growth, allied to substantial new assets and new clients in what was an eventful geo-political financial year.

Profit before tax for the year grew 10% to £218.9 million, aided by revenue from new and existing assets and clients, increased net interest income, strong flows into new Hargreaves Lansdown funds and energetic client equity trading, particularly towards the end of the financial year.

Net new business was £6.0 billion (2015: £6.1bn), representing 11% growth in Assets Under Administration (AUA). At 30 June 2016 AUA stood at £61.7 billion, up 12% (30 June 2015: £55.2bn). Assets broke through the £60bn level for the first time, despite lower stock markets, with the FTSE All-Share Index averaging 5.1% lower than last year and ongoing depressed investor confidence, which always makes gathering new business more challenging.

We welcomed 100,000 new active clients, up 19% on last year (2015: 84,000). Active client numbers were 836,000 at 30 June 2016 (30 June 2015: 736,000). Hargreaves Lansdown remains the largest business of its type in the UK, with 37.5% of the direct investment market at 31 March 2016 (Source: Platforum*), up from 35.9% in September 2015 and its market share of UK execution only stockbroking rose from 24.1% to 27.3%** over the past year.

Continued high service levels were rewarded through our high asset retention rate of 93.5% (2015: 92.7%) and client retention rate of 94.3% (2015: 93.4%). Hargreaves Lansdown continues to win substantial numbers of awards for client service. Our Net Promoter ScoreSM of 54.7% is excellent and a reflection of our commitment to client service excellence.

Hargreaves Lansdown's 2016 results

Profit before tax for the year was a record £218.9 million. High client satisfaction drove strong client recruitment and retention, with associated additional fees and income. Our Multi-Manager funds continued to be popular, generating £44.1 million of fund management income and our new initiatives, particularly new fund launches, also proved successful. Whilst bank deposit rates continued to fall, measures put in place in 2015 to stabilise interest income for both Hargreaves Lansdown and clients paid off, delivering increased returns from this source. Client equity trading volumes during the year were considerably higher, up 9% at 3.7 million (2015: 3.4 million), driven particularly by speculation and volatility around the EU referendum, with a record 63,000 trades conducted on 24 June 2016. This additional trading drove higher stockbroking commission.

We are well positioned to take advantage of the structural opportunity for growth in the savings and investments market. We continue to see opportunities for controlled, selective investment where we are confident in delivering attractive returns for our shareholders. In this context, we demonstrated good cost control in the second half of the year with 7% growth in operating costs in the second half, compared to 19% in the first half. Given the macro-economic backdrop, we are very pleased with the profit growth achieved.

By far the most substantial profit headwind was the level of stock markets through the year. Although by 30 June 2016 the FTSE All Share Index finished down only 1.5% on the year before at 3515.45, a late "post Brexit" rally at the end of June 2016 masked considerably depressed stock market levels throughout the year. On average during the financial year to 30 June 2016, the Index traded at a level 5.1% lower than the comparative period in 2015, and investor confidence was subdued. Our platform and management fee income is directly linked to client asset values, and had markets remained flat profit growth would have been even higher.

Clients and assets again grew substantially, with the year-end assets of our 836,000 active clients valued at £61.7 billion. Net new pension (SIPP) assets were £2.7bn (2015: £2.3bn), up 17%, reflecting the continued popularity of the Pension Freedom rules. Individual Savings Account (ISA) net new business was down 15% at £2.2 billion (2015: £2.6bn) and Fund and Share account net new business flat at £1.1 billion (2015: £1.1bn). ISA and Fund and Share account business tends to be more reflective of stock market performance and given the difficult markets and low investor confidence, we are not surprised by levels of net new business in these areas. Deals with JP Morgan and Jupiter led to the acquisition of 6,588 new clients and £264 million of new assets added to our Vantage service.

There continued to be considerable demand for Hargreaves Lansdown's expanding asset management capability amongst our clients. At 30 June 2016 assets in Hargreaves Lansdown Multi-Manager funds stood at £6.3 billion (2015: £5.6bn), up 13%. Two new fund launches, "High Income" and "Strategic Assets", had a combined total of £380 million in assets at 30 June 2016. Our HL Portfolio+ online "robo" investing service continued to attract assets, with £311 million of assets at the year-end (2015: £26m).

The Corporate Vantage service had 335 schemes live or in implementation by the year end (2015: 256), a 31% increase. An additional 15,242 net new members joined the service (2015: 11,134), up 29%, and assets in our Corporate Vantage service stood at £1.76 billion by 30 June 2016 (2015: £1.30 bn), up 35%. Annual premiums invested by employees and companies were £244.1 million (2015: £197.0m), up 24%. Growth in this service, particularly in the first half of last year, was constrained by the effect of new auto-enrolment rules on our key markets, with many companies focusing on achieving compliance rather than selecting new schemes. New corporate business has benefited from the absence of that drag this year.

The interest rate environment remains depressed, and therefore income from cash balances continued to reflect low interest rates. However, in April 2015 we completed changes to our SIPP which allowed us to place client money on term deposit, a significant development as over 50% of cash held by clients with Hargreaves Lansdown is held in the SIPP. This allowed us to increase both revenue and deposit rates paid to clients holding cash in their SIPP. Whilst interest rates remain low we expect to continue to experience subdued margins on cash balances.

Net Promoter, NPS, and the NPS-related emoticons are registered service marks, and Net Promoter Score and Net Promoter System are service marks, of Bain & Company, Inc., Satmetrix Systems, Inc. and Fred Reichheld

2016/2017 market outlook

A major impact on market outlook is uncertainty caused by the UK's referendum decision on 23 June 2016 to leave the EU.

Hargreaves Lansdown remained neutral throughout this debate, believing it a matter for the British people to decide. In the short term we have seen elevated levels of equity trading in response to volatility, and weakness in the pound leading to strong relative performance of overseas funds and investments. The long-term implications of the vote are unknown. However, we remain confident about the future and consider our business to be robust. Hargreaves Lansdown is the largest business of its kind in the UK and not dependent on any single asset class or investment to prosper. The requirement for individuals and corporates to commit to long-term savings remains.

Throughout 2015/2016 UK stock markets were depressed, but despite this we have reported strong results. The words "headwind" and "low investor confidence" seem to have featured throughout recent annual reports. Whilst in the short-term volatility and uncertainty may continue, as more clarity develops on the execution path for leaving the EU we hope 2016/2017 may see better markets.

We have already seen a cut to base interest rates. Further changes to rates are also possible and would have a commensurate effect on our interest income.

Group outlook

Hargreaves Lansdown is well positioned to sustain its growth within the UK savings and investments market. Retail clients continue to need to manage their finances using a trusted, safe and secure platform that is easy and efficient to deal with in an increasingly complex economic environment.

Our 2016 performance has delivered a return to healthy profit growth, as anticipated in the 2015 report. We remain confident in investing in our strategy to develop products and services which will complement the future growth of Hargreaves Lansdown. Business in the first two months of the new financial year has been in line with management's expectations, with stockbroking activity from investors taking advantage of recent volatility and fund investment relatively quiet over the summer months. The Board's confidence in the business model is reflected in its approval of a total dividend for 2016 of 34.0p (2015: 33.0p), representing 3% year on year growth and a pay-out ratio of 91% (2015: 99%).

In the year to 30 June 2017 we look forward to the launch of HL Savings, our cash management service. A "soft" initial launch will allow us to test and refine the service. We therefore do not expect HL Savings to have a material bearing on financial results for the year to 30 June 2017. However, this project remains on track and will mark our entry into an asset sector of significant interest to all our clients – cash deposits – as well as peer to peer lending which will follow in 2017.

We intend to expand our fund management range and to grow the Portfolio+ service. The Corporate service has also again shown good growth and, whilst a long term project, is adding assets apace and deserves the continued investment we are making in its distribution capability.

Mobile services remain important and we have invested in replacing our mobile phone apps. We have always been at the forefront of mobile investing and our new version of HL Live for iPhone and Android will launch during the coming year, building on our data and experience of our clients' mobile investing needs.

The strong position we have in the UK savings and investments market, together with the selective investment we have undertaken to further enhance our customer proposition, underpins our confidence in continuing to deliver attractive growth and returns for our shareholders.

The impact of regulation and government policy

Looking forward, we see further growth in the direct investment market.

Regulation is an ever present theme in financial services. Addressing regulatory change takes up a considerable amount of our time and resources. However, Hargreaves Lansdown is well-placed to address these challenges. Whilst there are always further regulatory changes coming down the track, we have not identified any likely to have an unusually material impact.

Corporate citizenship

Hargreaves Lansdown is an ethical company and champion of the retail investor. We campaign tirelessly on behalf of retail investors to improve their lot and their wealth.

We continue to encourage price competition within the fund industry which has resulted in reduced costs of both active and passive funds for investors. We have negotiated market leading discounts on some of the best UK funds to the benefit of our clients.

This year will see the launch of the HL Charitable Foundation to further aid our charity and community work. The Foundation is explained more in our forthcoming Report and Financial Statements and I wish it every success. We have also invested considerably in our people this year, making Hargreaves Lansdown an even more exciting place to work.

As in previous years, Hargreaves Lansdown continues to pay its taxes in full in the UK.

Conclusion

I would like to thank our clients, shareholders, colleagues and my fellow directors in what has once again been a very busy year of significant progress. The support and dedication they have shown has delivered another set of strong results.

Ian Gorham

Chief Executive
6 September 2016

*As issued by The Platforum UK D2C Guide July 2016.

** Stockbroking data from Compeer Limited XO Quarterly Benchmarking Report Quarter 2 2016 and Quarter 2 2015.

Extract from the Operating and Financial Review

Assets Under Administration (AUA) and Net New Business (NNB)

The value of total AUA increased by 12% during the year. The Group achieved net new business inflows of £6.0 billion, and the positive impact of investment performance increased client assets by a further £0.5 billion (2015: £2.0bn). High client and asset retention rates underpin the strength of the Hargreaves Lansdown business model.

	At 30 June 2016 £'billion	At 30 June 2015 £'billion	Movement %
Vantage Assets Under Administration (AUA)*	**58.7**	**52.3**	**+12%**
Assets Under Administration and Management (AUM)**			
- Portfolio Management Service (PMS)	2.9	2.9	0%
- Multi-Manager funds held outside of PMS	3.6	2.9	+24%
AUM Total	**6.5**	**5.8**	**+12%**
Less:			
Multi-Manager funds (AUM) included in Vantage AUA	(3.5)	(2.9)	+21%
Total Assets Under Administration	**61.7**	**55.2**	**+12%**

* AUA is the total value of all assets administered or managed by Hargreaves Lansdown on behalf of clients.

** AUM is the total value of all assets managed by Hargreaves Lansdown comprising our Multi-Manager Funds and assets held within PMS.

Vantage

Net new business in the Vantage SIPP, ISA and Fund & Share account was respectively £2.7 billion, £2.2 billion and £1.1 billion (2015: £2.3 billion, £2.6 billion, £1.1 billion), in total £6.0 billion (2015: £6.0 billion).

The first half of the year saw strong net new business of £2.73 billion, up 24% compared to the equivalent six months last year (2015: £2.21bn). This was achieved against a backdrop of muted world stock markets stemming from various macroeconomic concerns and weak commodity prices. The FTSE All Share index ended 3.5% down for the six months to 31 December 2015 at 3444.26. Typically, falling stock markets have a high correlation with reduced propensity to invest amongst retail investors. However, despite the weak markets, our ISA and Fund & Share account new business remained robust during this period whilst new pension freedoms proved particularly attractive to clients, with Vantage SIPP net new business up 73% over the six months ended 31 December 2015.

The second half of the year is typically our busiest as the tax year-end is an important driver of new business. This year was no exception with £3.21 billion of net new business in the second half of the year to 30 June 2016, albeit a 15% drop versus the £3.79 billion in the prior year comparative given the more volatile market backdrop. The comparative period benefited from three HL Multi-Manager fund launches, the new Pension Freedoms from 6 April 2015 and the ability to transfer Child Trust Funds into Junior ISAs. This year the second half also had two HL Multi-Manager fund launches but benefited less from the pension freedoms and the impact of transfers into Junior ISAs.

The SIPP increase in net new business of 17% for the year was driven by an increased number of SIPP clients making more contributions and transferring other pensions they held to Vantage. New pension freedoms, introduced from 6 April 2015, have also continued to contribute to the increase year-on-year, along with concerns that pension tax relief would be reduced in the March 2016 budget, which prompted a rush of contributions.

Conversely, net new ISA business of £2.2bn for the year decreased by 15% which was attributable to an array of factors including low investor confidence, diverting money into pensions in case of tax relief changes in the Budget, and into property ahead of stamp duty increases taking effect from 6 April 2016. These factors led to a decrease in the number of clients subscribing to their ISA and a reduction in the average subscription value.

Meanwhile Vantage Fund and Share account net new business was flat year-on-year. This account has no tax benefits and no caps on contributions and tends to be impacted more by investor confidence and market sentiment. It often serves as a destination for investment once clients have used their tax wrapper accounts and also serves as the first point of call when withdrawing cash. In addition, each year a proportion of clients transfer some of their investments from this account into their SIPP and ISA accounts ensuring they utilise their tax benefits. The value transferred this year was £0.5 billion compared to £0.6 billion last year.

The trust and the value that our clients place on our services are endorsed by the retention rates. This year our client retention rate rose from 93.4% to 94.3% and our asset retention rate rose from 92.7% to 93.5%.

The FTSE All-Share Index fell by 1.54% (2015: fell 0.82%) over the year to 30 June 2016, however the average month-end level of the index was 5.1% lower this year compared to last (2015: 2.0% higher). Although the index ended the second half up 2.1% at 3515.45, it suffered significant spells of depression caused by various macroeconomic concerns and latterly volatility caused by the uncertainty surrounding the EU referendum. Weak investor confidence contributed to a challenging ISA season which some industry bodies have called the worst ISA season on record.

The combined impact of organic growth and investment performance resulted in SIPP AUA growing by 18%, ISA by 11% and the Fund and Share account by 9%. As at 30 June 2016, the value of assets within the Vantage SIPP was £19.3 billion (30 June 2015: £16.4 billion), the Vantage ISA was £23.0 billion (30 June 2015: £20.7 billion), and the Vantage Fund and Share Account was £16.5 billion (30 June 2015: £15.2 billion).

Portfolio Management Service (PMS)

PMS assets remained flat at £2.9 billion with net new business of £66 million, down 8% on last year's £72 million. These additional new assets were offset by the impact of a stock market decline of £52 million (2015: £169 million growth). PMS remains a core service provided by Hargreaves Lansdown, however, the gathering of new assets and clients has been behind expectations. A review of the service is being undertaken with a view to improving lead flows and the quality of the offering for clients.

Multi-manager funds

The value of assets managed by Hargreaves Lansdown through its own range of Multi-Manager funds increased by 13% to £6.3 billion as at 30 June 2016 (2015: £5.6bn). The growth in assets consisted of net new business of £0.8 billion (2015: £0.9bn), combined with a stock market decrease of £0.1 billion (2015: increase of £0.3bn). During the second half of the year two new Multi-Manager funds were successfully launched helping to attract new clients and assets. The two new funds are "UK High Income" and "Strategic Assets" which provide further geographical and sector diversification to the eight existing funds in the range. In the short time since launch these two funds have grown to a combined value of £382m.

Divisional Performance

Following the implementation of the Retail Distribution Review ("RDR"), we highlight the net revenue of the Group, as laid out in Note 2 to the accounts. This measure provides a clear indication of year-on-year comparative performance, taking into account the changes in commission, charges and rebates. Total net revenue was up 11% for the year at £326.5 million (2015: £294.2m). The Group is organised into three core operating divisions as shown in the table.

Net revenue	**Year ended 30 June 2016 £'million**	Year ended 30 June 2015 £'million	**Movement %**
Vantage	**245.8**	220.0	**+12%**
Discretionary	**58.9**	52.4	**+12%**
Third Party & Other services	**21.8**	21.8	**0%**
Total net revenue	**326.5**	294.2	**+11%**

Vantage

Revenue

The Vantage division is the largest within the Group and represents 75% of net revenue and 76% of operating profit. Net revenue increased by 12% and was driven by the 12% growth in AUA this year and the full year impact of income on assets gathered over the course of last year. Revenue from funds grew from £136.7 million to £147.2 million with a slight reduction in the revenue margin from 46bps to 44bps as a result of there being no renewal commissions retained on funds held by clients from 1 April 2016 onwards, in accordance with the Retail Distribution Review. Interest on client money grew from £24.2 million to £31.2 million with an improved margin being achieved on higher cash balances as a result of changes to our SIPP which allowed us to place client money on term deposit, a significant development as over 50% of cash held by clients with Hargreaves Lansdown is held in the SIPP, and enabling us to increase both revenue and deposit rates paid to clients.

Stockbroking commission grew by 21% from £35.4 million to £43.0 million benefiting from increased stockbroking volumes and the removal of the impact in the second half of the prior year of a temporary c£3.5 million loss of revenue, resulting from a restructuring of the collection method for foreign exchange income on overseas equity deals. Excluding this comparative effect, stockbroking commission was up 10.5%.

We handled over 12.1 million dealing instructions on behalf of 827,000 clients relating to funds and shares (2015: 10.8m). Our website (www.hl.co.uk) and apps were visited 104.7 million times, an increase of 19% on the previous year. Vantage clients transacted 3.7 million share deals in the year (2015: 3.4 million). Share deals comprise both client driven deals and automated deals such as dividend income reinvestment and regular savings. Client driven deals totalled 3.0 million compared to 2.8 million last year.

Markets and market share

The Vantage division delivered consistent strong growth in assets and clients and has increased market share in the services it provides. Our market share of the retail platform execution only market stands at c37.5% making it over four times the size of the second largest. The retail platform market as at 31 March 2016 was valued at c£152* billion of which £56.6 billion was held on Vantage.

The addressable market for Vantage is much greater than the retail platform market given the scope of services and products that Hargreaves Lansdown provide. Vantage accounts can be used by both Retail and Corporate clients in order to hold a wide range of investments in a SIPP, ISA or general investment account. This enables us to address a much greater section of UK investors and the billions of pounds currently held away from retail platforms. For example the ISA Stocks and Share market is estimated at £267 billion and the Junior Stocks and Share ISA at £1 billion**. The UK SIPP market is estimated at £175 billion***. In addition, corporate pensions and assets currently or previously advised on by financial advisors through IFAs, banks, building societies and life assurers are also addressable.

From 6 April 2015 the Government allowed transfers from Child Trust Funds (CTFs) to Junior ISAs. At this date over six million children in the UK had CTFs with c£4.8 billion pounds invested. In the year ending 30 June 2016 we have seen over 12,000 transfers from CTFs to Junior ISAs cementing Hargreaves Lansdown's position as the largest provider of Junior Stocks and Shares ISAs in the UK.

** Source: The Platform UK D2C Guide July 2016*
*** Source: HMRC*
**** Source: John Moret, pension industry specialist*

Vantage SIPP assets of £19.3 billion give Hargreaves Lansdown an estimated 11% market share of the UK SIPP market with 276,000 SIPP accounts out of an estimated total of 1.4 million UK SIPP accounts. The Group is also the UK's largest execution only stockbroker with a market share of 27.3% as measured by Compeer Limited in their XO Quarterly Benchmarking Report Q2 2016.

Market development

The markets for the Group's products and services continue to evolve as individuals' savings and investment needs react to the changing regulatory and market environment. With continued low interest rates, Stocks and Shares ISAs remain attractive. The current ISA allowance of £15,240 for the tax year commencing 6 April 2016 remains the same as that in the previous tax year, however, as from 6 April 2017 the annual allowance will increase significantly to £20,000. For some clients this will provide additional scope for tax efficient investing and an opportunity to increase net flows into our ISA offering.

From 6 April 2017 the new Lifetime ISA ("LISA") will be launched. This is open to UK citizens between the ages of 18 and 40 and any savings added to the LISA before their 50th birthday will receive an added 25% bonus from the government. The savings allowance will be capped at £4,000 per annum and can be used towards a deposit on a first home worth up to £450,000 or can be used towards saving for retirement, whereby after their 60th birthday individuals can withdraw all the savings free of tax. This may provide fresh impetus for adults to boost their long-term savings and for others to start saving for the first time and to consider saving using risk based investments rather than cash. Hargreaves Lansdown will have its LISA offering in place for the 6 April 2017.

Pension auto-enrolment in the UK is currently being phased in and by 2017 all employers will have to auto-enrol eligible staff into a suitable workplace pension and pay contributions on their behalf. Escalating minimum contributions have been set. By 6 April 2019 the minimum contribution will be 9% of which the employer will have to pay a minimum of 4%. The workplace will continue to play a pivotal role in retirement saving: the auto-enrolment programme has delivered demonstrable successes and we expect future government policy to build on this. Our Corporate Vantage service is directed at segments of this market and existing schemes we administer will also benefit from auto-enrolment contributions.

The design of the UK's retirement savings system continues to be a work in progress for the government. Auto-enrolment is undoubtedly helping and is bringing millions of new savers into the pension system. However, many millions are still either under-saving for retirement or not saving at all. The growth of money purchase pensions is mirrored by a rapid decline in traditional defined benefit schemes.

A year on from the launch of Pension Freedoms, this policy initiative to put ownership of pension savings more directly in the hands of individual investors is proving popular and has helped to reinvigorate interest in retirement savings. The Treasury's recent review of pension tax relief did not result in wholesale change to pension tax breaks, however future changes cannot be ruled out.

Whatever changes of detail occur, we are confident that Government support for increased private pension provision is robust and this is likely to mean continued tax advantages and policy decisions designed to promote increased retirement saving. With individuals taking more responsibility for pension saving, we believe pension providers such as Hargreaves Lansdown which help investors to self-manage their retirement savings are likely to continue to prosper.

Clients and assets

During the year the number of active Vantage clients increased by 100,000 to 827,000. Total clients include 68,600 active Corporate Vantage scheme members across 333 live schemes and 64,000 Junior ISA clients. Junior ISA clients were up from 43,000 last year benefiting from over 12,000 transfers of Child Trust Funds to Junior ISAs which were allowed from 6 April 2015. We now administer 276,000 SIPP accounts, 572,000 ISA accounts and 274,000 Fund and Share accounts on behalf of our clients.

16% more clients contributed to their SIPP than in the year to 30 June 2015, with the average new contribution into a Vantage SIPP this year increasing by 3% to £9,188. Meanwhile the number of clients subscribing to their Vantage Stocks and Share ISA decreased by 5% and the average subscription decreased by 7% to £9,416.

Clients continued to transfer SIPP, ISA and other investments held elsewhere into our Vantage service in order to benefit from the advantages of having them all held on a single trusted and easy to use service. The value of transfers-in decreased by 4% to £4.8 billion.

Clients continued to have a relatively low weighting in cash and appeared prepared to take more investment risk given continued low deposit rates. In the second half of the year, however, there has been a move into cash caused by market volatility and Brexit concerns weighing on investor confidence. The composition of assets across the whole of Vantage at 30 June 2016 was 11.6% cash (30 June 2015: 10.2%), 34.1% stocks and shares (30 June 2015: 34.2%), and 54.3% investment funds (30 June 2015: 55.6%).

A number of our clients make regular contributions into their ISA, SIPP or Fund and Share accounts. The 'Regular Savers' service has been consistently growing since being introduced 14 years ago, and as at 30 June 2016 we had 125,000 clients (2015: 105,000) saving a total of £37.0 million (2015: £34.4 million) each month by way of direct debit instruction. Our Corporate Vantage service has the potential to significantly increase the value of regular monthly savings and Corporate Vantage clients currently subscribe £20.3 million each month, in addition to the regular contributions noted above.

Discretionary and Managed

The Discretionary and Managed division represents 18% of net revenue and 21% of operating profit. The division earns recurring income on underlying investments held in the Group's Portfolio Management Service (PMS), and on investments in the Group's Multi-Manager funds.

Net revenue was up 12% from £52.4 million to £58.9 million. As explained, the growth in AUM came from the launch of two new HL Multi-Manager Funds combined with continued growth across the existing eight funds. AUM was on average up 14% across the year and Hargreaves Lansdown earns a management fee of 0.75% per annum on assets held in these funds.

The Portfolio Management Service generates revenue from initial and ongoing advice fees charged to clients who are supported by our team of financial advisers. Client numbers grew to 14,896 from 14,845 in the prior year. As at 30 June 2016 the Group had 91 financial advisers (30 June 2015: 102). Initial advice fees were flat year-on-year at £2.9 million whilst ongoing advice and management fees fell from £11.7 million to £10.7 million. The ongoing advice fee is charged at 0.365% per annum but as from 1 December 2015 any PMS client with an investment portfolio in excess of £1 million had a cap of £3,650 per annum on the charge. The impact of this was a reduction in revenue of c£0.3 million in the year. Further changes to management fees on non-HL Multi-Manager funds held within PMS had a £0.7 million impact on the division but a reduced impact on the Group overall due to a 0.06% increase in PMS platform fees which are recorded in Vantage.

Third Party and Other Services

Third party and other services represent 7% of net revenue and 3% of operating profit and the division distributes investment products that are not invested or administered within the Group. Net revenues were flat year-on-year at £21.8 million.

In March 2014 the government's budget implemented pension reforms introducing greater flexibility in terms of how people access their pension savings. As a result the demand for annuities declined significantly, which particularly impacted last year's revenue, but has continued into 2016 with commission income falling from £1.9 million to £1.5 million this year. As annuity volumes have declined we have seen an increase in clients moving into Income Drawdown and the associated recurring revenue streams from this service are recorded within the Vantage division.

Revenue from our Funds Library service, through the provision of fund data and research services, decreased slightly from £6.4 million to £6.2 million. User billing and implementation fees fell slightly but were partly offset by new revenue streams relating to the provision of data for compliance with Solvency II. These new streams commenced towards the end of the year and should help to provide some future growth as more companies sign up for these new regulatory required services.

The total revenues from Hargreaves Lansdown Currency and Markets (Contracts For Difference ("CFD"), spread betting and currency services) fell marginally by £0.1 million to £4.1 million. A fall in certificated dealing charges and currency service commissions were partly offset by an increase in CFD and spread betting commissions which tend to benefit from volatile markets such as those seen for much of the year.

As highlighted previously, third party corporate and personal pension business has been in decline over recent years. Although the Group continues to act as an intermediary for some third party corporate pension schemes there is a focus on our own Corporate Vantage services which means that we expect that third party business will continue to decline.

Financial performance

	Year ended 30 June 2016 £'million	Year ended 30 June 2015 £'million	Movement %
Revenue	**388.3**	395.1	-2%
Commission payable / loyalty bonus	**(61.8)**	(100.9)	-39%
Net revenue	**326.5**	294.2	+11%
Other operating costs	**(108.2)**	(96.1)	+12%
Operating profit	**218.3**	198.1	+10%
Non-operating income	**0.6**	1.0	-40%
Profit before taxation	**218.9**	199.0	+10%
Taxation	**(41.6)**	(41.8)	-0.5%
Profit after taxation	**177.3**	157.2	+13%
Basic earnings per share (pence)	**37.4**	33.2	+13%
Diluted earnings per share (pence)	**37.3**	33.1	+13%

Total net revenue

Total net revenue for the year grew 11% to £326.5 million. Record levels of AUA, £6.0 billion net new business, new active clients and increased transaction volumes have all been positive factors which have more than outweighed the loss of any Vantage renewal income post the April 2016 sunset clause. Divisional revenue performance is described earlier in this review.

Net revenue margins

Clients can hold a range of assets on the Vantage platform including investment funds, individual shares and other stock, and cash. The net revenue margin earned on each asset class varies. Investment funds on average represented 57% of Vantage AUA and the net revenue margin earned was 0.44% (2015: 0.46%). The reduction related to the previously flagged transition phase of RDR until March 2016. From April 2016 we have been earning 0.42%.

Vantage net revenue margins	**Year ended 30 June 2016**			**Year ended 30 June 2015**		
	Net revenue (£m)	**Average AUA (£bn)**	**Net revenue margin (%)**	**Net revenue (£m)**	**Average AUA (£bn)**	**Net revenue margin (%)**
Funds[1]	147.2	33.3	0.44	136.7	29.7	0.46
Shares[2]	57.8	19.3	0.30	47.9	16.6	0.29
Cash[3]	31.2	5.5	0.56	24.2	4.6	0.53
Other	9.6	-	-	11.2	-	-
Total	**245.8**	**58.1**	**0.42**	**220.0**	**50.9**	**0.43**

1 Revenue from funds comprises platform fees and renewal commission (net of loyalty bonuses paid to clients).
2 Revenue from stocks and other comprises stockbroking commission and management fees.
3 Revenue from cash comprises interest earned on client money.
Further details on the Vantage net revenue margins above can be found in the Glossary of financial performance measures on page 23

Shares on average represented 33% of Vantage AUA. The net revenue margin on shares and other stock was 0.30% (2015: 0.29%) with revenue being generated from equity deals and management fees. The increase in margin has been caused by an increase in equity dealing volumes combined with the change to charges on overseas foreign exchange income in the second half of the prior year (as highlighted on page 6). There are caps in place on management fees charged in the SIPP and Stocks and Share ISA accounts once holdings are above £44,444 in the SIPP and £10,000 in the ISA. This causes some dilution to the margin over time as clients grow their portfolio of shares.

Cash on average represented 10% of Vantage AUA. The net revenue margin on cash balances was 0.56% (2015: 0.53%). As highlighted in previous annual reports, the FCA introduced restrictions on the use of term deposits of greater than 30 days for client money with effect from 1 July 2014. This served to reduce the revenue margin on cash and consequently we set out to mitigate the impact of these restrictions by amending SIPP cash to be held in trustee arrangements which would allow term deposits to be used again. This trustee arrangement was implemented from 20 April 2015. The new arrangements have allowed us to offer higher interest rates for clients in the SIPP whilst also helping to boost the margin and revenue we earn. Last year the benefit was only gained for a couple of months whereas this year we have had the benefit for the full year. Although the SIPP trustee arrangements have helped, the full potential positive impact has been offset by an overall reduction in rates offered by banks, particularly on short term deposits up to 30 days which impacts non-SIPP client money accounting for c49% of the total client money balances. Since the 30 June 2016 the Bank of England has reduced the base rate by 0.25%. Assuming no further base rate changes we anticipate the cash interest margin for the financial year 2017 will be in the range of 0.35%-0.45%.

Recurring and non-recurring revenue

£193.1 million (2015: £173.3m), representing 79% of Vantage net revenue (2015: 79%) is recurring in nature. Recurring revenue streams comprised platform fees (£139.4m, 2015: £123.8m), renewal commissions net of loyalty bonuses paid to clients (£7.7m, 2015: £12.9m), management fees (£14.8m, 2015: £12.4m) and interest on client money (£31.2m, 2015: £24.2m). Although these revenues can be directly impacted by stock markets and bank deposit rates they are recurring and as such we believe they provide greater profit resilience. Non-recurring Vantage revenue streams include stockbroking commission, initial charges where our own financial advisers set clients up in the Vantage service, and other income.

The Discretionary division has an even higher proportion of net recurring revenue at 93% (2015: 92%), which is primarily the annual management charge on the HL Multi-Manager funds (£44.1m, 2015: £36.5m) and the management fees and ongoing adviser charges for the PMS service (£10.7m, 2015: £11.7m). In contrast the Third party and Other Services division is predominantly transaction based save for some renewal commissions on Venture Capital Trusts schemes and some contracted revenue within the Funds Library data service.

Operating costs

As highlighted in the CEO statement, the business is well positioned to take advantage of the structural opportunity for growth in the savings and investments market. We have discretion over the timing of controlled, selective investment where we are confident in delivering attractive returns for our shareholders and will take advantage of this flexibility to deliver good returns. Operating costs increased by 13% to £108.2million (2015: £96.1million) during the year with 7% growth in operating costs in the second half, compared to 19% in the first half.

Staff costs remain our largest expense and increased by 13% in the year, after capitalising £2.3 million (2015: £1.2m) of Hargreaves Lansdown Savings and other IT development. The number of staff employed on a full-time equivalent basis (including directors) at 30 June 2016 was 942, and the average number of staff during the year was 969, an increase of 6%. The changes in staff numbers are in line with our strategic plans and our commitment to delivering a high level of service to our growing client base which will see us maintain our position as the UK's leading direct to client investment platform. Of particular note are increased staff numbers in HL Savings where we are developing a new digital cash deposit service and a Peer to Peer platform; in IT, where we have increased resource to deliver development projects, improved infrastructure and cyber security; in marketing, where we have increasingly focused on exploiting digital opportunities and in our subsidiary company, Library Information Services, where additional staff have been developing new services relating to Solvency II type products. Staff costs this year versus last include an additional £1.3 million of restructuring and redundancy costs and £0.6 million additional cost relating to share options.

Group marketing and distribution spend decreased by 12%, from £12.7 million to £11.2 million and includes the direct costs of printing and sending information and newsletters to existing and potential clients, media advertising, online marketing and client incentives. Despite the lower spend, the change in mix of our marketing activity with more emphasis and investment into digital marketing meant that we added 100,000 clients (2015: 84,000), new business was flat on last year and we have increased market share.

Use of mobile and digital media is a key strategic focus and increasingly resource has been deployed to exploit digital marketing opportunities and this has allowed commensurately lower spend on paper based marketing. We continue to invest significantly in paid search traffic, cost per click relationships, and the next generation of our smart phone and tablet apps. Our strength in digital media helps drive client and asset recruitment and subsequent retention.

Total operating costs	**Year ended 30 June 2016**	Year ended 30 June 2015	Movement
	£'million	£'million	%
Operating costs:			
Staff costs	**60.2**	53.1	+13%
Marketing and distribution costs	**11.2**	12.7	-12%
Office running costs	**4.8**	4.3	+12%
Depreciation, amortisation & financial costs	**6.1**	5.1	+20%
Other costs	**20.4**	16.5	+24%
	102.7	91.7	+12%
Total FSCS levy	**5.5**	4.4	+25%
Total operating costs	**108.2**	96.1	+13%

Last financial year saw the launch of three new HL Multi-Manager Funds, the launch of the HL Retirement Planner embracing the new pension freedoms and the launch of HL Portfolio+, all of which gave rise to increased marketing and advertising costs. This financial year there were fewer such events with just two new HL Multi-Manager fund launches.

Office running costs increased from £4.3 million to £4.8 million following an increase in repairs and maintenance and business rates.

Depreciation, amortisation and financial costs have increased by £1.0 million as a result of increased capital spend in recent years, primarily on IT hardware and software for our core in-house systems.

Other costs rose by £3.9 million. The key drivers of this were the processing of foreign exchange on overseas equity deals (£1.5m) and additional dealing costs resulting from higher transaction volumes (£0.3m). Also included in this figure are increases in IT, regulatory spend and irrecoverable VAT (£1.1 m) and an increase in professional services relating to strategic initiatives (£0.8m).

The Financial Services Compensation Scheme ("FSCS") charge is outside of managements' control and increased by 25% to £5.5million. The FSCS is the compensation fund of last resort for customers of authorised financial services firms. All authorised firms are required to contribute to the running of the scheme and the cost of compensation payments. Contributions to the scheme are proportional to the amount of eligible income of a firm, rather than its risk profile or track record of running a compliant service. As such, as a large business we may be required to make a significant contribution to the cost of compensation on investments we have never recommended or been involved with.

Taxation

The charge for taxation in the income statement decreased from £41.8 million to £41.6 million resulting in an effective tax rate of 19.0% compared to 21.0% last year. The standard UK corporation tax rate fell from 21% to 20% as from 1 April 2015 and remained at 20% through to 30 June 2016. An adjustment in respect of prior year tax and the impact of increased capital allowances and employee share acquisition relief in the period reduced the effective corporation tax rate below the standard 20% to 19.0%. Taxation of £3.1 million has been credited to equity relating to corporation tax relief on share options offset by a charge of £1.9 million arising from deferred tax on share options giving a total credit to equity of £1.2 million.

Earnings per share (EPS)

Diluted EPS increased by 13% from 33.1 pence to 37.3 pence. EPS is calculated as the earnings for the year divided by the total weighted average fully diluted number of shares, including those held by the Employee Benefit Trust (the "EBT"). Further information on the EBT and potential dilution of share capital is provided within the Directors' Remuneration Report.

Pension schemes

There were no changes to the defined contribution pension scheme in the year, with staff and directors participating on equal terms. Pension costs are recognised as an expense when the contribution is payable.

Statement of financial position and cash flow

The Group maintains a robust balance sheet which is free from debt, has a healthy ratio of current assets to current liabilities and retains a capital base over and above regulatory capital adequacy requirements. In addition to being attractive to clients, this provides both resilience and flexibility. The Group is highly cash generative and the cash conversion ratio measured by the operating cash flows as a percentage of operating profits remained high at 94%.

Non-current assets

Capital expenditure totalled £6.6 million this year, compared with £5.5 million last year.

The cyclical replacement of hardware ensuring the capacity and the security of the IT infrastructure amounted to £2.4 million compared with £2.5 million last year. £1.4 million was spent on computer software (2015: £1.7m) and capitalisation of other intangibles was £2.7 million (2015: £1.2 million).

We capitalised £1.2 million of staff costs (2015 £1.2 million) as part of the continued project to enhance the capacity and capability of our key administration systems. All of our core systems are developed and maintained in-house and as such we have significant IT resource dedicated to IT support and development. For the year ended 30 June 2016 an average of 117 staff (2015: 102) were employed in developing our systems with most of their related costs expensed within staff costs. Any costs relating to the development of new systems have been capitalised and are being depreciated over their useful economic life.

We have capitalised £1.1 million of staff costs relating to the development of the cash deposit and Peer to Peer platforms in HL Savings (2015: £nil). Again this will be depreciated over its useful economic life but only once it has been brought into use which is expected to be towards the end of the calendar year 2016.

Finally we capitalised £0.4 million relating to a book of business that was acquired from J.P. Morgan. As a result of the acquisition an additional £223 million of assets were added to the Vantage platform and an additional 4,312 clients. At the interim results these costs were expensed within marketing and advertising, but they will be now be amortised over their useful economic life and subject to an annual impairment review.

Current assets

Group cash balances totalled £208.2 million at the end of the year. The only significant cash outflows have been the 2015 second interim ordinary and special dividends totalling £121.4 million paid in September 2015 and a 2016 interim dividend of £36.8 million paid in March 2016.

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital at 30 June 2016 was £254.2 million (2015: £237.1m) and this capital is managed via the net assets to which it relates. The Group has four subsidiary companies authorised and regulated by the Financial Conduct Authority (FCA). These firms have capital resources at a level which satisfies both their regulatory capital requirements and their working capital requirements. As a Group, we maintain a robust balance sheet retaining a capital base over and above regulatory capital requirements. Further disclosures are published in the Pillar 3 document on the Group's website at www.hl.co.uk.

Increase in counterparty balances

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included in the balance sheet. These balances fluctuate according to the volume and value of recent trading. At the year-end, trade receivables and trade payables included counterparty balances of £560.9 million (2015: £363.2 million) and £555.5 million (2015: £361.9 million) respectively. The higher balances resulted from a significant increase in deal volumes post the EU Referendum until the financial year-end.

Dividends

The Board remains committed to a progressive dividend policy, and has declared a second interim (final) ordinary dividend of 16.30 pence and a special dividend of 9.90 pence per ordinary share. These dividends will be paid on 28 September 2016 to all shareholders on the register at the close of business on 16 September 2016. This brings the total dividends in respect of the year to 34.0 pence per ordinary share (2015: 33.0p), an increase of 3%. This total ordinary dividend pay-out equates to 65% (2015: 65%) of post-tax profits, with a further 26% (2015: 34%) of post-tax profits paid by way of special dividend. Any special dividend in future years will depend upon future cash requirements and therefore may vary.

Dividend (pence per share)	**2016**	2015	Change
First interim dividend paid	**7.80p**	7.30p	+7%
Second interim dividend declared	**16.30p**	14.30p	+14%
Total ordinary dividend	**24.10p**	21.60p	+12%
Special dividend declared	**9.90p**	11.40p	-13%
Total dividend for the year	**34.0p**	33.0p	+3%

An arrangement exists under which the Hargreaves Lansdown EBT has agreed to waive all dividends.

Consolidated Income Statement

	Note	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Revenue	2	**388,333**	395,137
Commission payable		**(61,797)**	(100,949)
Net revenue		**326,536**	294,188
Staff costs		**(60,217)**	(53,117)
Other operating costs		**(42,575)**	(38,603)
FSCS costs		**(5,494)**	(4,417)
Operating profit		**218,250**	198,051
Investment revenue	4	**629**	987
Profit before tax		**218,879**	199,038
Tax	5	**(41,623)**	(41,789)
Profit after tax		**177,256**	157,249
Attributable to:			
Equity shareholders of the parent Company		**176,895**	156,664
Non-controlling interest		**361**	585
		177,256	157,249
Earnings per share			
Basic earnings per share (pence)	7	**37.4**	33.2
Diluted earnings per share (pence)	7	**37.3**	33.1

The results relate entirely to continuing operations.

Consolidated Statement of Comprehensive Income

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Profit for the financial year	**177,256**	157,249
Total comprehensive income for the financial year	**177,256**	157,249
Attributable to:-		
Owners of the parent	**176,895**	156,664
Non-controlling interest	**361**	585
	177,256	157,249

Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company								
	Share capital	Share premium account	Capital redemption reserve	Shares held by EBT reserve	EBT reserve	Retained earnings	**Total**	Non-controlling interest	**Total Equity**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
At 1 July 2014	1,897	8	12	(16,221)	13,545	228,512	**227,753**	591	**228,344**
Total comprehensive income	-	-	-	-	-	156,664	**156,664**	585	**157,249**
Change to non-controlling interest	-	-	-	-	-	(964)	**(964)**	(103)	**(1,067)**
Employee Benefit Trust:-									
Shares sold in the year	-	-	-	5,203	-	-	**5,203**	-	**5,203**
Shares acquired in the year	-	-	-	(2,000)	-	-	**(2,000)**	-	**(2,000)**
EBT share sale net of tax	-	-	-	-	(841)	-	**(841)**	-	**(841)**
Employee share option scheme:-									
Share-based payments expense	-	-	-	-	-	2,109	**2,109**	-	**2,109**
Current tax effect of share-based payments	-	-	-	-	-	1,305	**1,305**	-	**1,305**
Deferred tax effect of share-based payments	-	-	-	-	-	(592)	**(592)**	-	**(592)**
Dividend paid (Note 6)	-	-	-	-	-	(152,071)	**(152,071)**	(572)	**(152,643)**
At 30 June 2015	1,897	8	12	(13,018)	12,704	234,963	**236,566**	501	**237,067**
Total comprehensive income	-	-	-	-	-	176,895	**176,895**	361	**177,256**
Employee Benefit Trust:-									
Shares sold in the year	-	-	-	14,095	-	-	**14,095**	-	**14,095**
Shares acquired in the year	-	-	-	(15,927)	-	-	**(15,927)**	-	**(15,927)**
EBT share sale net of tax	-	-	-	-	(3,441)	-	**(3,441)**	-	**(3,441)**
Reserve transfer on exercise of share options					2,736	(2,736)	**-**	-	**-**
Employee share option scheme:-									
Share-based payments expense	-	-	-	-	-	2,525	**2,525**	-	**2,525**
Current tax effect of share-based payments	-	-	-	-	-	3,122	**3,122**	-	**3,122**
Deferred tax effect of share-based payments	-	-	-	-	-	(1,955)	**(1,955)**	-	**(1,955)**
Dividend paid (Note 6)	-	-	-	-	-	(158,182)	**(158,182)**	(396)	**(158,578)**
At 30 June 2016	1,897	8	12	(14,850)	11,999	254,632	**253,698**	466	**254,164**

The share premium account represents the difference between the issue price and the nominal value of shares issued.

The capital redemption reserve relates to the repurchase and cancellation of the Company's own shares.

The Shares held by the Employee Benefit Trust ("the EBT") reserve represents the cost of shares in Hargreaves Lansdown plc purchased in the market and held by the Hargreaves Lansdown plc Employee Benefit Trust to satisfy options under the Group's share option schemes.

The EBT reserve represents the cumulative gain on disposal of investments held by the Hargreaves Lansdown EBT. The reserve is not distributable by the Company as the assets and liabilities of the EBT are subject to management by the Trustees in accordance with the EBT trust deed.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the minority's proportion of the net fair value of the assets and liabilities acquired at the date of the original business combination and the non-controlling interest's change in equity since that date. The non-controlling interest represents a 22% shareholding in Library Information Services Limited, a subsidiary of the Company.

Consolidated Statement of Financial Position

	Note	At 30 June 2016 £'000	At 30 June 2015 £'000
ASSETS			
Non-current assets			
Goodwill		**1,333**	1,333
Other intangible assets		**7,050**	4,614
Property, plant and equipment		**10,987**	11,990
Deferred tax assets	11	**2,775**	6,118
		22,145	24,055
Current assets			
Trade and other receivables	9	**617,013**	411,705
Cash and cash equivalents	10	**211,393**	216,753
Investments	8	**994**	909
Current tax assets		**33**	-
		829,433	629,367
Total assets		**851,578**	653,422
LIABILITIES			
Current liabilities			
Trade and other payables	12	**581,685**	397,262
Current tax liabilities		**15,242**	18,861
		596,927	416,123
Net current assets		**232,506**	213,244
Non-current liabilities			
Provisions		**487**	232
Total liabilities		**597,414**	416,356
Net assets		**254,164**	237,067
EQUITY			
Share capital	13	**1,897**	1,897
Share premium account		**8**	8
Investment revaluation reserve		**-**	-
Capital redemption reserve		**12**	12
Shares held by Employee Benefit Trust reserve		**(14,850)**	(13,018)
EBT reserve		**11,999**	12,704
Retained earnings		**254,632**	234,963
Total equity, attributable to the owners of the parent Company		**253,698**	236,566
Non-controlling interest		**466**	501
Total equity		**254,164**	237,067

Consolidated Statement of Cash Flows

	Note	Year ended 30 June 2016	Year ended 30 June 2015
		£'000	**£'000**
Operating activities			
Cash generated from operations	14	**205,360**	212,991
Income tax paid		**(40,766)**	(41,603)
Net cash generated from operating activities		**164,594**	171,388
Investing activities			
Interest received		**458**	896
Dividends received from investments		**171**	91
Purchases of property, plant and equipment		**(2,534)**	(2,590)
Purchase of intangible assets		**(4,114)**	(2,887)
Purchase of available-for-sale investments		**(85)**	(35)
Net cash used in investing activities		**(6,104)**	(4,525)
Financing activities			
Purchase of own shares in EBT		**(15,927)**	(2,000)
Proceeds on sale of own shares in EBT		**10,655**	4,362
Dividends paid to owners of the parent		**(158,182)**	(152,071)
Dividends paid to non-controlling interests		**(396)**	(572)
Purchase of non-controlling interest in subsidiary		**-**	(1,067)
Net cash used in financing activities		**(163,850)**	(151,348)
Net (decrease)/increase in cash and cash equivalents		**(5,360)**	15,515
Cash and cash equivalents at beginning of year		**216,753**	201,238
Cash and cash equivalents at end of year	10	**211,393**	216,753

Notes to the Consolidated Financial Statements

1. General information

Hargreaves Lansdown plc (the "Company") and ultimate parent of the Group is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006 whose shares are publicly traded on the London Stock Exchange. The address of the registered office is One College Square South, Anchor Road, Bristol, BS1 5HL, United Kingdom. The nature of the Group's operations and its principal activities are set out in the Operating and Financial Review.

These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest thousand.

The consolidated financial statements contained in this preliminary announcement do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements are extracted from the 2016 Group financial statements which have been signed and audited but have not yet been delivered to the Registrar of Companies but will be following the Company's annual general meeting. The financial information included in this preliminary announcement has been based on the Company's financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. The principal accounting policies are set out in the Group's 2016 statutory accounts.

The report of the auditors on the financial statements for the years ended 30 June 2016 and 30 June 2015, which were prepared in accordance with IFRS as adopted for use in the EU, was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006. The financial statements for the financial year ended 30 June 2015 have been delivered to Companies House

2. Revenue

Revenue represents commission receivable from financial services provided to clients, interest income on settlement accounts and management fees charged to clients. It relates to services provided in the UK and is stated net of value added tax. An analysis of the Group's revenue is as follows:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Revenue from services:		
Recurring income	**317,089**	329,900
Transactional income	**65,035**	58,816
Other income	**6,209**	6,421
Total revenue	**388,333**	395,137

Recurring income comprises renewal income (2016: £76.9m, 2015: £121.1m), management fees relating to the PMS Service and Vantage SIPP and ISA accounts (2016: £25.5m, 2015: £24.2m), management fees relating to the Hargreaves Lansdown Multi-Manager Funds (2016: £44.1m, 2015: £36.5m), platform fees (2016: £139.4m, 2015: £123.8m) and interest income on client money (2016: £31.2m, 2015: £24.3m). Transactional income comprises commission earned from stockbroking transactions (2016: £46.8m, 2015: £39.3m), adviser charges (2016: £10.5m, 2015: £9.7m) and other income (2016: £7.7m, 2015: £9.8m). Other income represents the amount of fees receivable from the provision of funds data services and research through Library Information Services Ltd to external parties.

Following the implementation of the Retail Distribution Review ("RDR") on 1 March 2014, total revenue earned from investment funds held by clients significantly increased as a new platform fee was introduced. At the same time commission income was being received from the fund management groups on funds purchased by clients before the RDR implementation date. Where we still received commission on these pre RDR or "legacy funds" the vast majority was passed back to our clients in the form of a significantly higher loyalty bonus which is shown within commission payable in the income statement. This continued up until 31 March 2016 from which point any commission received on legacy funds was passed on entirely to clients and as a result was no longer recognised as revenue or a cost. In order to aid comparability across this transitional period the measure of net revenue is felt to be more meaningful and hence has been used in the Operating and Financial review section and is shown in the Income statement. Net revenue is measured as revenue less commission payable.

3. Segment information

The Group is organised into three business segments, namely the Vantage division, the Discretionary/Managed division and the Third Party/Other Services division. This is based upon the Group's internal organisation and management structure and is the primary way in which the Chief Operating Decision Maker (CODM) is provided with financial information. The CODM has been identified as the Board of Executive Directors.

The 'Vantage' division represents all activities relating to our direct to private investor platform.

The 'Discretionary/Managed' division is focused on the provision of managed services such as our Portfolio Management Service (PMS) and range of Multi-Manager funds.

The 'Third Party/Other Services' division includes activities relating to the broking of third party investments and pensions, certificated share dealing and other niche services such as currency, CFDs and spread betting. In this division, clients' investments are not administered within the Group.

The 'Group' segment contains items that are shared by the Group as a whole and cannot be reasonably allocated to other operating segments.

Segment expenses are those that are directly attributable to a segment together with the relevant portion of other expenses that can reasonably be allocated to the segment. Gains or losses on the disposal of available-for-sale investments, investment income, interest payable and tax are not allocated by segment.

Segment assets and liabilities include items that are directly attributable to a segment plus an allocation on a reasonable basis of shared items. Corporate assets and liabilities are not included in business segments and are thus unallocated. At 30 June 2016 and 2015, these comprise cash and cash equivalents, short-term investments, tax-related and other assets or liabilities.

Consolidation adjustments relate to the elimination of inter-segment counterparty balances required on consolidation.

	Vantage	Discretionary/ Managed	Third Party/ Other Services	Group	Consolidation Adjustments	Consolidated
	£'000	£'000	£'000	£'000	£'000	£'000
Year ended 30 June 2016						
Revenue from external customers	307,522	58,956	21,855	-	-	**388,333**
Commission payable	(61,702)	(27)	(68)	-	-	**(61,797)**
Total segment net revenue	245,820	58,929	21,787	-	-	**326,536**
Depreciation and amortisation	4,143	376	697	-	-	**5,216**
Investment revenue	-	-	-	629	-	**629**
Reportable segment profit before tax	166,373	45,348	7,613	(455)	-	**218,879**
Reportable segment assets	614,314	31,336	6,156	239,426	(39,654)	**851,578**
Reportable segment liabilities	(571,409)	(26,550)	(548)	(38,561)	39,654	**(597,414)**
Net segment assets	42,905	4,786	5,608	200,865	-	**254,164**
Year ended 30 June 2015						
Revenue from external customers	320,849	52,451	21,837	-	-	**395,137**
Commission payable	(100,879)	(15)	(55)	-	-	**(100,949)**
Total segment net revenue	219,970	52,436	21,782	-	-	**294,188**
Depreciation and amortisation	3,537	355	488	-	-	**4,380**
Investment revenue	-	-	-	987	-	**987**
Reportable segment profit before tax	147,463	39,855	11,516	204	-	**199,038**
Reportable segment assets	398,582	35,022	13,159	247,229	(40,570)	**653,422**
Reportable segment liabilities	(387,092)	(24,966)	(409)	(44,458)	40,570	**(416,355)**
Net segment assets	11,490	10,056	12,750	202,771	-	**237,067**

Information about products/services
The Group's operating segments are business units that provide different products and services. The breakdown of revenue from external customers for each type of service is therefore the same as the segmental analysis above.

Information about geographical area
All business activities are located within the UK.

Information about major customers
The Group does not rely on any individual customer.

4. Investment revenue

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Interest on bank deposits	**458**	896
Dividends from equity investment	**171**	91
	629	987

5. Tax

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Current tax: on profits for the year	**40,771**	41,749
Current tax: adjustments in respect of prior years	**(536)**	-
Deferred tax (Note 11)	**231**	41
Deferred tax: adjustments in respect of prior years (Note 11)	**1,157**	(1)
	41,623	41,789

Corporation tax is calculated at 20.0% of the estimated assessable profit for the year to 30 June 2016 (2015: 20.75%). In addition to the amount charged to the income statement, certain tax amounts have been charged or (credited) directly to equity as follows:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Deferred tax relating to share-based payments	**1,955**	592
Current tax relating to share-based payments	**(3,122)**	(1,305)
	(1,167)	(713)

Factors affecting tax charge for the year

It is expected that the ongoing effective tax rate will remain at a rate approximating to the standard UK corporation tax rate in the medium term except for the impact of deferred tax arising from the timing of exercising of share options which is not under our control. The standard UK corporation tax rate was reduced to 20% (from 21%) on 1 April 2015 and accordingly the Group's profits for this accounting year are taxed at an effective rate of 20.0%. Deferred tax has been recognised at 20%, being the rate at which the deferred tax assets are expected to reverse. A deferred tax asset in respect of future share option deductions has been recognised based on the Company's share price as at 30 June 2016.

Factors affecting future tax charge

Any increase or decrease to the Company's share price will impact the amount of tax deduction available in future years on the value of shares acquired by staff under share incentive schemes. The Finance Act 2015 received Royal Assent on 18 November 2015 and has reduced the standard rate of UK corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. A planned reduction in the rate to 17% has yet to be substantively enacted.

The charge for the year can be reconciled to the profit per the income statement as follow:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Profit before tax	**218,879**	199,038
Tax at the UK corporation tax rate of 20.00% (2015 – 20.75%)	**43,776**	41,302
Items (allowable) / not allowable for tax	**(2,774)**	424
Adjustments in respect of prior years	**621**	(1)
Impact of the changes in tax rate	-	64
Tax expense for the year	**41,623**	41,789
Effective tax rate	**19.0**%	21.0%

6. Dividends

Amounts recognised as distributions to equity holders in the year:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
2015 Second interim dividend of 14.30p (2014: 15.39p) per share	**67,515**	72,449
2015 Special dividend of 11.40p (2014: 9.61p) per share	**53,850**	45,248
2016 First interim dividend of 7.80p (2015: 7.30p) per share	**36,817**	34,374
Total dividends paid during the year	**158,182**	152,071

After the balance sheet date, the Directors declared a second interim (final) ordinary dividend of 16.30 pence per share and a special dividend of 9.90 pence per share payable on 28 September 2016 to shareholders on the register on 16 September 2016. Dividends are required to be recognised in the financial statements when paid, and accordingly the declared dividend amounts are not recognised in these financial statements, but will be included in the 2017 financial statements as follows:

	£'000
2016 Second interim dividend of 16.30p (2015: 14.30p) per share	77,036
2016 Special dividend of 9.90p (2015: 11.40p) per share	46,789
2016 Total declared dividend of 34.00p (2015: 33.00p) per share	160,642

Under an arrangement dated 30 June 1997 the Hargreaves Lansdown Employee Benefit Trust, which held the following number of ordinary shares in Hargreaves Lansdown plc at the date shown, has agreed to waive all dividends.

	Year ended 30 June 2016	**Year ended 30 June 2015**
	No. of shares	No. of shares
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	**1,724,330**	2,726,361
Representing % of called-up share capital	**0.36%**	0.57%

7. Earnings per share (EPS)

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in free issue during the year, including ordinary shares held in the EBT reserve which have vested unconditionally with employees.

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The weighted average number of anti-dilutive share options and awards excluded from the calculation of diluted earnings per share was 1,285,073 at 30 June 2016 (2015: 1,010,928).

	Year ended 30 June 2016	**Year ended 30 June 2015**
	£'000	£'000
Earnings (all from continuing operations):		
Earnings for the purposes of basic & diluted EPS - net profit attributable to equity holders of parent company	**176,895**	156,664
Number of shares:		
Weighted average number of ordinary shares for the purposes of diluted EPS	**474,720,091**	473,716,102
Weighted average number of shares held by HL EBT which have not vested unconditionally with employees	**(1,818,222)**	(2,068,619)
Weighted average number of ordinary shares for the purposes of basic EPS	**472,901,869**	471,647,483
Earnings per share:	**Pence**	Pence
Basic EPS	**37.4**	33.2
Diluted EPS	**37.3**	33.1

8. Investments

	Year ended 30 June 2016	**Year ended 30 June 2015**
	£'000	£'000
At beginning of year	**909**	874
Purchases	**85**	35
At end of year	**994**	909
Comprising:		
Current asset investment - UK listed securities valued at quoted market price	**730**	645
Current asset investment - Unlisted securities valued at cost	**264**	264

£730,000 (2015: £645,000) of investments are classified as held at fair value through profit and loss and £264,000 (2015: £264,000) are classified as available-for-sale. Available-for-sale investments have been included at fair value where a fair value can be reliably calculated, with the revaluation gains and losses reflected in the investment revaluation reserve as shown in the Consolidated Statement of Changes in Equity, until sale when the cumulative gain or loss is transferred to the income statement. If a fair value cannot be reliably calculated by reference to a quoted market price or other method of valuation, available-for-sale investments are included at cost, with a fair value adjustment recognised upon disposal of the investment.

9. Trade and other receivables

	Year ended 30 June 2016	Year ended 30 June 2015
	£'000	£'000
Financial assets:		
Trade receivables	**576,402**	380,803
Other receivables	**559**	1,460
	576,961	382,263
Non-financial assets:		
Prepayments and accrued income	**40,052**	29,442
	617,013	411,705

Trade and other receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £560.9 million (2015: £363.2 million) are included in trade receivables. These balances are presented net where there is a legal right of offset and the ability and intention to settle net. The gross amount of trade receivables is £718.0 million and the gross amount offset in the balance sheet with trade payables is £157.2 million. Other than counterparty balances trade receivables primarily consist of fees and amounts owed by clients and renewal commission owed by fund management groups. There are no balances where there is a legal right of offset but not a right of offset in accordance with accounting standards, and no collateral has been posted for the balances that have been offset.

10. Cash and cash equivalents

	Year ended 30 June 2016	Year ended 30 June 2015
	£'000	£'000
Cash and cash equivalents:		
Restricted cash – balances held by EBT	**3,184**	7,602
Group cash and cash equivalent balances	**208,209**	209,151
	211,393	216,753

Cash and cash equivalents comprise cash on hand and demand deposits held by the Group that are readily convertible to a known amount of cash. The carrying amount of these assets is approximately equal to their fair value.

At 30 June 2016 segregated deposit amounts held by the Group on behalf of clients in accordance with the client money rules of the Financial Conduct Authority amounted to £6,953 million (2015: £5,499 million). In addition there were currency service cash accounts held on behalf of clients not governed by the client money rules of £18 million (2015: £12m). The client retains the beneficial interest in both these deposit and cash accounts and accordingly they are not included in the balance sheet of the Group.

11. Deferred tax assets

Deferred tax assets arise because of temporary timing differences only. The following are the major deferred tax assets recognised and movements thereon during the current and prior reporting years. Deferred tax has been recognised at 20%, being the rate in force at the balance sheet date.

	Accelerated tax depreciation	Share-based payments	Other deductible temporary differences	Total
	£'000	**£'000**	**£'000**	**£'000**
At 1 July 2014	145	5,240	1,365	6,750
Credit / (charge) to income	80	83	(203)	(40)
Charge to equity	-	(592)	-	(592)
At 30 June 2015	225	4,731	1,162	6,118
Charge to income	-	(259)	(1,129)	(1,388)
Charge to equity	-	(1,955)	-	(1,955)
At 30 June 2016	225	2,517	33	2,775

12. Trade and other payables

	Year ended 30 June 2016	Year ended 30 June 2015
	£'000	£'000
Financial liabilities:		
Trade payables	**556,754**	362,808
Social security and other taxes	**7,404**	9,692
Other payables	**3,888**	12,176
	568,046	384,676
Non-financial liabilities:		
Accruals and deferred income	**13,639**	12,586
	581,685	397,262

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £555.5 million (2015: £361.9 million) are included in trade payables. As stated in Note 9 above, where we have a legal right of offset and the ability and intention to settle net, trade payable balances have been presented net. The gross amount of trade payables is £712.6 million and the gross amount offset in the balance sheet with trade receivables is £157.2 million. There are no balances where there is a legal right of offset but not a right of offset in accordance with accounting standards, and no collateral has been posted for the balances that have been offset.

Other payables principally comprise amounts owed to clients as a loyalty bonus and to staff as a bonus. Accruals and deferred income principally comprise amounts outstanding for trade purchases and revenue received but not yet earned on Group pension schemes where an ongoing service is still being provided.

13. Share capital

	Year ended 30 June 2016	Year ended 30 June 2015
	£'000	£'000
Authorised: 525,000,000 (2015: 525,000,000) ordinary shares of 0.4p each	**2,100**	2,100
Issued and fully paid: Ordinary shares of 0.4p each	**1,897**	1,897
	Shares	Shares
Issued and fully paid: Number of ordinary shares of 0.4p each	**474,318,625**	474,318,625

The Company has one class of ordinary shares which carry no right to fixed income.

14. Note to the consolidated statement of cash flows

	Year ended 30 June 2016	Year ended 30 June 2015
	£'000	£'000
Profit for the year after tax	**177,256**	157,249
Adjustments for:		
Investment revenues	**(629)**	(987)
Income tax expense	**41,623**	41,789
Depreciation of plant and equipment	**3,537**	3,279
Amortisation of intangible assets	**1,678**	1,101
Share-based payment expense	**2,525**	2,109
Increase/(decrease) in provisions	**255**	(47)
Operating cash flows before movements in working capital	**226,245**	204,493
Increase in receivables	**(205,308)**	(107,842)
Increase in payables	**184,423**	116,340
Cash generated from operations	**205,360**	212,991

15. Going concern

The Group maintains on-going forecasts that indicate continued profitability in the 2017 financial year. Stress test scenarios are undertaken, the outcomes of which show that the Group has adequate capital resources for the foreseeable future even in adverse economic conditions. The Group's business is highly cash generative with a low working capital requirement; indeed, the forecast cash flows show that the Group will remain highly liquid in the forthcoming financial year. The Directors therefore believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors' expectation is that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this preliminary results statement.

Glossary of Alternative Financial Performance Measures

Within the Preliminary Announcement various Alternative Financial Performance Measures are referred to, which are non-GAAP (Generally Accepted Accounting Practice) measures. They are used in order to provide a better understanding of the performance of the Group and the table below states those which have been used, how they have been calculated and why they have been used.

Measure	Calculation	Why we use this measure
Cash conversion ratio (%)	The operating cash flows for the year divided by the operating profits for the year.	Provides a measure of the efficiency with which profits are converted into cash.
Discretionary recurring net revenue (%)	The total value of the annual management charge earned on the Hargreaves Lansdown Multi-Manager funds and the management fees and ongoing adviser charges for the PMS service divided by the total discretionary net revenue.	Provides a measure of the quality of our earnings. We believe recurring revenue provides greater profit resilience and hence it is of higher quality.
Dividend pay-out ratio (%)	The total dividend per share divided by the basic Earnings Per Share (EPS) for a financial year.	Provides a measure of the level of profits paid out to shareholders and the level retained in the business.
Dividend per share (pence per share)	Total dividend payable relating to a financial year divided by the total number of shares eligible to receive a dividend. Note ordinary shares held in the Hargreaves Lansdown Employee Benefit Trust have agreed to waive all dividends (see Note 6 to the consolidated financial statements).	Dividend per share is pertinent information to shareholders and investors and provides them with the ability to assess the dividend yield of the Hargreaves Lansdown PLC shares.
Net revenue (£) (See Income Statement on page 12 for the reconciliation of net revenue)	Total revenue less commission payments which are primarily loyalty bonuses paid to Vantage clients.	Because of the changes brought about to the client charging structure by the Retail Distribution Review ("RDR") there was a transitional period (from 1 March 2014 to 1 April 2016). From 1 March 2014 revenue was increased as Hargreaves Lansdown earned both a new platform fee from clients and the existing renewal commission from the Fund Management Groups based on the value of funds held by clients. At the same time the loyalty bonus paid to clients was significantly increased on the pre-RDR funds to largely mitigate the impact of the new platform fee. In order to aid comparability during the period of transition to 1 April 2016 the net revenue measure became the most useful comparative measure of revenue as it better reflected the underlying income relating to funds held by clients.
Percentage of Vantage net recurring revenue (%)	The total value of renewal commission (after deducting loyalty bonuses), platform fees, management fees and interest earned on client money divided by the total Vantage net revenue.	Provides a measure of the quality of our earnings. We believe recurring revenue provides greater profit resilience and hence it is of higher quality.
Vantage net revenue margin (%)	Total Vantage net revenue divided by the average value of assets under administration which includes the Portfolio Management Services assets under management held in funds on which a platform fee is charged.	Provides the most comparable means of tracking, over time, the margin earned on the assets under administration and is used by management to assess business performance.
Vantage net revenue margin from cash (%)	Net revenue from cash (net interest earned on the value of client money held on the Vantage platform divided by the average value of assets under administration held as client money.	Provides a means of tracking, over time, the margin earned on cash held by our clients.
Vantage net revenue margin from funds (%)	Net revenue derived from funds held by clients (platform fees, initial commission less loyalty bonus) divided by the average value of assets under administration held as funds, which includes the Portfolio Management Services assets under management held in funds on which a platform fee is charged.	Provides the most comparable means of tracking, over time, the margin earned on funds held by our clients.
Vantage net revenue margin from shares (%)	Net revenue from shares (stockbroking commissions, management fees where shares are held in a SIPP or ISA, less the cost of dealing errors) divided by the average value of assets under administration held as shares.	Provides a means of tracking, over time, the margin earned on shares held by our clients.