2015

REPORT AND FINANCIAL STATEMENTS

Year ended 30 June, 2015

HARGREAVES LANSDOWN

ABOUT US

Hargreaves Lansdown operates the UK's largest direct to investor investment service administering over £55 billion of investments in ISA, SIPP and Investment accounts for 736,000 active clients. We have been helping clients choose and manage their investments since 1981 and currently provide execution only, advisory services and third party investments for individuals and corporates. Hargreaves Lansdown has built a great reputation with clients and the wider investment industry and works tirelessly to maintain and improve the lot of retail investors.

Our success is built around a high quality client service tailored to their needs, and ensuring that our clients have access to information to support them with making their own 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, has a strong track record of delivering value for our shareholders and clients alike.

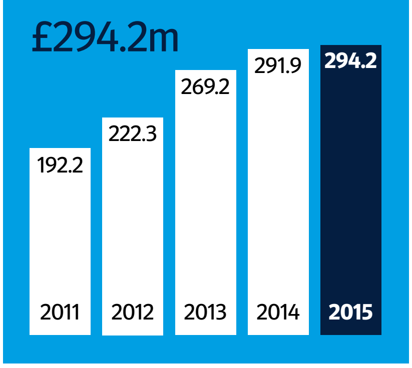
We are proud of our success and are committed to delivering continued value and service in the years ahead to both clients and shareholders.

The Report and Financial Statements contain the Strategic Report on pages 1 to 32, which includes an explanation of our business model, an analysis of our performance, a review of the business during the year and an outline of the principal risks and uncertainties. The Strategic Report was approved by and signed on behalf of the Board by the Chief Executive.

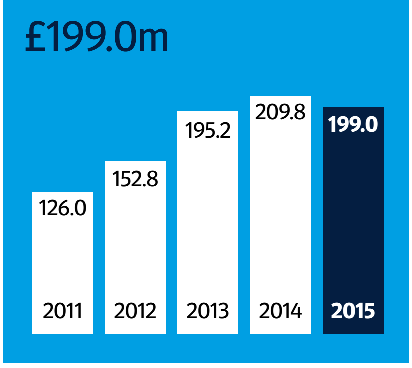
Ian Gorham
Chief Executive

HIGHLIGHTS

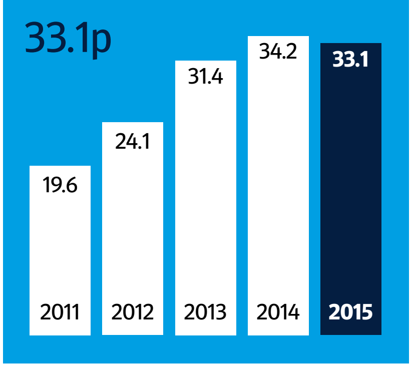
- Strong organic growth in Assets Under Administration up 18% to £55.2 billion
- 736,000 active clients, an increase of 84,000 in the year
- Profit before tax decreased by 5% to £199.0 million, impacted by known headwinds
- Total dividend up 3% at 33.0 pence per share



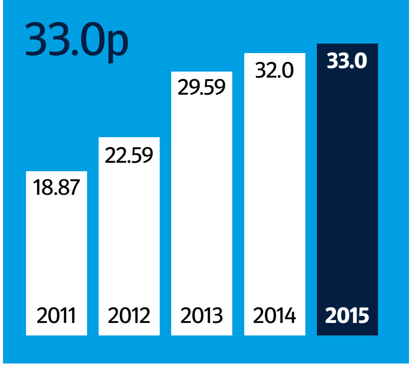
NET REVENUE (£M)



PROFIT BEFORE TAX (£M)



DILUTED EARNINGS PER SHARE (PENCE)



DIVIDEND PER SHARE (PENCE)

£55.2 billion

value of investments administered for clients, an 18% increase
(2014: £46.9 billion)

£6.1 billion

value of net new business inflows, a 5% decrease
(2014: £6.4 billion)

10.8 million

number of trades dealt for clients in the year, a 16% increase
(2014: 9.3 million)

736,000

total number of active clients a 13% increase
(2014: 652,000)

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

OUR SERVICES

Hargreaves Lansdown aims to help each client make more of their money throughout their lifetime. We have established a reputation for providing high quality and value-for-money services to private investors, whether they are making their own investment decisions or seeking advisory or discretionary services.

VANTAGE SERVICE – OUR INVESTMENT SERVICE FOR SELF-DIRECTED INVESTORS

Vantage is a one-stop shop for investments, designed to make investing easy. Clients can hold all their funds, shares, ETFs, bonds, investment trusts, ISAs and self-invested personal pensions (SIPPs) in a single, great value, easy-to-manage service.

Our aim is to provide clients with the tools and information they need to make their own investment decisions and save money, whether a first time investor or wanting to improve the way that their existing investments are managed.

Our clients can invest new money and consolidate investments – for example, pensions accumulated in previous employment – into the Vantage service. Clients can manage their investments by telephone, post, online or mobile.

Vantage services include:

- Vantage ISA – a tax efficient home for funds, shares, ETFs, bonds, investment trusts and cash
- Vantage SIPP – a tax efficient pension
- Vantage SIPP Income Drawdown – a flexible retirement solution
- Vantage Fund & Share account – our general investment account
- Corporate Vantage – supporting employee investment through the workplace
- Stockbroking – the largest execution only stockbroker in the UK
- HL Portfolio+ a new service explained below
- Cash ISA

HL PORTFOLIO+

Portfolio+ is a new way to invest for those who prefer our experts to manage the composition of their investments. Clients decide whether they are investing for income or growth, how much risk they are comfortable with, and we will do the rest. We use the HL Multi-Manager funds as the underlying investments, making any necessary changes within them, and the portfolio is automatically rebalanced twice a year to ensure it remains on the original track set by the client.

CORPORATE VANTAGE

In addition to services for private individuals we are a leading provider and broker of corporate pension and wrap solutions. Our corporate wrap allows employees to benefit from the Hargreaves Lansdown Vantage service via their workplace. Corporate Vantage includes award-winning SIPP, ISA and Fund & Share accounts.

Aside from Vantage, Hargreaves Lansdown also provides other services to companies including a market-leading retirement and annuity broking service allowing employees to obtain a higher income via our annuity search engine. Our Corporate annuity and Corporate Vantage wrap services are provided to many household names.

DISCRETIONARY SERVICES AND MANAGED FUNDS

The Discretionary business comprises the Hargreaves Lansdown Multi-Manager funds and PMS, the Group's discretionary portfolio management service. Discretionary services include:

- The Portfolio Management Service (PMS) – our discretionary managed solution for clients who want to leave the work to us. Our experienced investment managers work closely with our research analysts to continually identify the best fund managers for our portfolios which are rebalanced to maintain their investment objectives.
- HL Multi-Manager – a broad range of eight managed portfolios for those who wish to leave the choice of underlying funds to our experts. Each of the eight Multi-Manager funds provide a professionally monitored portfolio, holding what we believe are some of the best fund managers in their field.

THIRD PARTY AND OTHER SERVICES

The third party and other services division distributes investment products that are not invested or administered within the Group. It includes:

- Annuities
- Certificated share dealing
- The ability to invest in Venture Capital Trusts (VCTs)
- A foreign currency service to both private clients and companies
- Contracts For Difference (CFDs) and Spread Betting

The full range of our services can be viewed on the website at www.hl.co.uk/investment-services

OUR WEBSITE AND DIGITAL APPS

During the financial year our website and apps were visited 87.7 million times, up 20% on the previous year, demonstrating that our digital growth continues apace. Mobile continues to be a dominant trend and our apps have now been downloaded more than 400,000 times. In the year to 30 June 2015 7.9% of our online share deals were placed via apps.

Investment and innovation in digital, in particular mobile, must continue. Delivery of a mobile optimised website along with redesigned and improved mobile apps by the first quarter of 2016 will ensure we continue to be at the forefront of technology and capturing people's appetite to invest and manage their money wherever and whenever they choose.

Technology and changing consumer habits also continue to present new opportunities and marketing channels. Our digital marketing mix continues to broaden and diversify from core activities such as paid search and search engine optimisation to content networks and social channels. Our investment in digital marketing technology and resources has also helped us improve the commercial performance of our digital activities as well as the client experience.

% of online share deals via HL app

+7.9%

87.7m visits to our websites and apps

+20%

WHY CLIENTS CHOOSE HARGREAVES LANSDOWN

We aim to deliver a lifelong, secure home for people's savings and investments, that offers great value, incredible service and makes their financial life easy.

Mark Dampier Head of Research (left), Lee Gardhouse Investment director

Hargreaves Lansdown is a trusted brand that is committed to delivering these requirements for investors.

Skilled helpdesk staff and advanced technology ensure that we provide a consistently high quality, accessible and convenient service. We do not set out to be the cheapest; instead we aim to offer the best value. We offer a range of information, tools and services for clients who prefer to choose their own investments as well as financial advice for those who want more help. As a result Hargreaves Lansdown is the UK's most popular investing service.

During 2015 we have implemented further improvements to our services, and continued to negotiate lower cost investment funds for our clients. Our business is scalable and should enable growth in profits as the business grows. Making profits means we can regularly invest to improve and broaden our range of services and/or reduce our prices over time.

Hargreaves Lansdown places the client at the heart of all that it does and makes a compelling case to become a client, not just in the short-term but to remain with us throughout their life, safe in the knowledge that we continually aim to bring them further benefits helping them to make the most of their investments and ultimately their retirement.

When choosing an investment service, investors' most important considerations are:

1. UNRIVALLED FINANCIAL SECURITY
2. SCOPE AND QUALITY OF SERVICE
3. CONVENIENCE AND EASE
4. GREAT VALUE
5. EXPERTISE AND INFORMATION

RECENT CLIENT COMMENTS . . .

"The user friendly website is excellent, this allows me to keep watch on my investments. When I require telephone trading your staff answer the phone promptly and deal with my instructions efficiently – it's a pity more businesses aren't run like this."
MR SHAW, CHESTER

"Very helpful and knowledgeable staff; real people take calls - brilliant in this day and age. The best organisation I have ever dealt with in all my business life spanning 45 years."
MR SMITH, EAST SUSSEX

"Key for me is having information easily available so that I can make informed judgements. Your website provides comprehensive information in an easily accessible format regarding funds, etc. You also provide a wealth of other information such as that provided in your Investment Times which I read from cover to cover."
MRS MEYRICK, SALISBURY

"Fast phone access, courteous and expert verbal responses, excellent website and research data."
MR EDWARDS, LEEDS

TRUST AND SECURITY

A recognised, trusted and financially secure FTSE100 business. Dedicated to keeping our clients' investments safe and secure.

EXCELLENT SERVICE

95.7%* of clients rated our service as excellent, very good or good.

*Based on a survey of 14,334 respondents in May 2015.

CONVENIENCE AND EASE

Our mobile App has been downloaded 400,000+ times and the iPad App 95,000+ times.

VALUE FOR MONEY

On behalf of our clients we have already used and continue to use our size and influence to negotiate some of the best (and often exclusive) discounts on funds in the market.

HELPFUL AND KNOWLEDGEABLE STAFF

Highly trained Bristol based investment and pension helpdesks with average call response times of 11 seconds.

TRUSTED SOURCE OF USEFUL, INDEPENDENT INFORMATION

The number of visits to our website and apps this year was 87.7 million.

CLIENT FOCUSSED IMPROVEMENT

We listen to our clients. Their feedback is key to how we improve and grow our services.

CHOICE

A wide range of investments – 2,500+ funds, 10,000+ UK, US and European shares, investment trusts, gilts, ETFs, bonds and cash.

INVESTMENT EXPERTS

We have a dedicated research team who constantly review and comment on investments available through Hargreaves Lansdown. Our experts also manage eight of our own HL Multi-Manager Funds.

ADVICE WHEN CLIENTS NEED IT

We offer financial advice, financial planning and portfolio management, or tools and support to do it yourself. Advice may be ongoing, as a one-off or as and when required.

AWARD-WINNING SERVICES

Our experience gained over four decades has allowed us to develop a service tailored precisely to the needs of private investors. 95.7% of our clients rate our service good, very good or excellent. We win numerous prestigious industry awards and our clients' continued loyalty has created a successful and financially secure blue chip company.

Hargreaves Lansdown is consistently recognised at industry awards. In the last two years we have received over 35 different awards. We are proud of such recognition which also serves to further grow our brand and the trust which clients place in our services. Underlying these achievements is a commitment to excellence shared by everybody in the Hargreaves Lansdown team.

All our awards are listed on our website - www.hl.co.uk/investor-relations/our-awards

Recent awards include

BEST DIRECT PLATFORM 2014

THE PLATFORUM

BEST SERVICE 2014

THE PLATFORUM

BEST ONLINE JUNIOR STOCKS & SHARES ISA PROVIDER 2014

YOUR MONEY

BEST DIRECT SIPP PROVIDER 2013 & 2014

YOUR MONEY

RETIREMENT GOLD STANDARD 2014

GOLD STANDARD AWARDS

BEST FUND PLATFORM 2015

CITY OF LONDON WEALTH MANAGEMENT AWARDS

DIRECT PLATFORM AWARDS 2015 BEST FOR PENSIONS & PENSION FREEDOMS

THE LANG CAT

BEST SIPP PROVIDER 2007-2014

WHAT INVESTMENT READERS AWARD

BEST OVERALL PLATFORM 2015

GOLD STANDARD AWARDS

BEST SIPP & ISA PROVIDER 2014

MONEY WEEK

CHAIRMAN'S STATEMENT

Strong underlying performance in the face of known headwinds.

I have great pleasure introducing our Annual Report for the year ended 30 June 2015 in which we announce a solid set of financial results.

Our asset gathering abilities have meant that despite periods of low investor confidence during the year, we have delivered strong net new business flows underpinned by impressive numbers of net new clients. As a result, our assets under administration finished the year at a record level. Over the course of the year, we successfully navigated through the changes in the market place following the Retail Distribution Review. We have launched a number of new Hargreaves Lansdown Multi-Manager Funds, we were one of very few firms ready to offer clients the full range of pensions freedom on 6 April, and our new HL Portfolio+ service was very well received by our clients. At the end of the year we were delighted to announce the acquisition of up to 7,000 clients and £370m of assets from J. P. Morgan Asset Management.

We have taken big strides forward over the year supporting our people, with much attention on career development and talent management.

We continue to be a financially strong organisation with a clean, robust balance sheet retaining a healthy margin over the regulatory capital adequacy requirements. Therefore after careful review of the company's future cash requirements, the Board has decided to increase the total dividend for the year by paying a second interim ordinary dividend of 14.30p per share (2014: 15.39p) and an increased special dividend of 11.40p per share (2014: 9.61p) representing total dividends for the year of 33.0p per share (2014: 32.0p); an increase of 3%.

Good governance has always been at the heart of what we do. During the course of the year, we created a Board Risk Committee to supplement the Audit Committee and to focus on the forward looking aspects of risk management. Towards the end of the year, we commissioned an externally facilitated Board effectiveness review. Details of the agreed outcomes of the review are contained in our governance statement and can be found on pages 33 to 43.

Over the course of the year, Peter Hargreaves and Tracey Taylor stepped down as Executive Directors. Peter co-founded this great business in 1981 and his knowledge and expertise will be much missed by the Board. We are delighted that he remains an employee allowing the business to continue to benefit from his wisdom. Tracey had been with Hargreaves Lansdown for 15 years, serving as Chief Financial Officer for the last five years and was well respected in the City. On behalf of the Board I would like to thank both Peter and Tracey for their huge contribution to the business.

In July 2015, we announced that we had selected a new independent Non-Executive Director whose appointment would be confirmed upon receipt of regulatory approval, and that Dharmash Mistry would be stepping down as a Non-Executive Director with effect from 31 August 2015.

In August 2015, we announced the appointment of Chris Hill as Chief Financial Officer who, subject to regulatory clearance, should be starting with us in March 2016. In the meantime we continue to benefit from the services of a very well qualified interim Chief Financial Officer.

Within the Executive Committee, we said goodbye to Nigel Bence after 22 years' service contributing strongly to the risk, compliance and operational side of the business. In June 2015, we welcomed Vikki Williams as Chief Operating Officer.

We have delivered strong underlying performance across our business, but in the face of known headwinds, we report a reduction in profits. These headwinds include this year being the first full year following the introduction of the Retail Distribution Review, the changes in the regulations concerning client money, precluding the use of term deposits over 30 days, to the detriment of both our clients and our shareholders, and an unexpected increase in our FSCS levy, which we continue to see as nothing more than a tax on well run businesses.

The coming year will be a challenging one but we believe we are well set to return the Group to its growth trajectory, building on the new services and features delivered in 2015 to allow us to continue to thrive in our chosen markets. Our talented people remain integral to our success and, as always my gratitude goes to the Board and our staff for their continuing hard work, diligence and enthusiasm.

Michael Evans – Chairman
16 September 2015

CHIEF EXECUTIVE'S REVIEW

We are pleased to present our results for the year ended 30 June 2015, once again reporting excellent growth in Assets Under Administration and clients.

HEADLINES

The year to 30 June 2015 was characterised by continued substantial new asset and client flows into Hargreaves Lansdown's services, successful navigation of regulatory changes, and announcement and implementation of exciting new initiatives.

Despite known headwinds, profit before tax remained robust at £199.0 million for the year. Our business also continued to grow strongly. Net new business was £6.1 billion, representing organic growth in Assets Under Administration (AUA) of 13%. We welcomed 84,000 net new clients, leading to an increase in client numbers of 13% to 736,000.

After a relatively muted first half of the year, the six months to 30 June 2015 exceeded both expectations for new business and last year, with net new business for the six months of £3.8 billion (first half of FY2015: £2.3 bn).

Hargreaves Lansdown remains the largest business of its type in the UK, with 35.0% of the direct investment market at 31 March 2015 (Source: Platforum*), up from 33.6% in September 2014. Concerns about potential competitive pressure have proved unfounded. Hargreaves Lansdown has continued to increase its share in major markets, including new flows into Stocks and Shares ISAs, up from 10.9% for the tax year to 5 April 2014 to 14.1% for the year to 5 April 2015, and UK execution only stockbroking** (up from 22.5% to 24.2%). Our new initiatives, particularly new fund launches, also proved very successful.

Continued high service levels were rewarded not only through record new clients and assets, but also continuing high asset retention of 93.4% (2014: 93.3%) and through receipt of many awards. Hargreaves Lansdown has won no less than 35 awards during the last two years.

HARGREAVES LANSDOWN'S 2015 RESULTS

Profit before tax for the year was £199.0 million, a fall of 5% on last year's £209.8 million. Whilst clients and assets again grew substantially, profit faced several headwinds – our decision to reduce charges for clients (reduced revenue by approximately £20m versus 2014); lower interest margins on client cash (reduced revenue by approximately £17m versus 2014); lower stock markets as the FTSE All Share fell 0.8% in the year; an unexpected temporary hiatus in foreign exchange trading income (c£3.5m); and a charge for a contribution to the Financial Services Compensation Scheme to cover the failings of less reputable companies (a cost of £4.4m versus £0.8m in 2014). The impact of these headwinds will be less pronounced, or in the case of the foreign exchange trading income will not be repeated at all, in 2016.

We also report an 18% increase in client assets under administration from £46.9 billion to £55.2 billion. It is remarkable to note that in just 2 years client assets have grown by over 51%, from £36.4 billion in June 2013 to £55.2 billion at 30 June 2015. Net new business for the year was £6.1 billion (2014: £6.4 bn) with market movement and other factors increasing assets at year end by a further £2.2 billion. An additional net new 84,000 investors (2014: 144,000) became clients during the year, taking total active clients for Vantage and advised services combined to 736,000. As many clients have more than one account, the total number of accounts held with Hargreaves Lansdown surpassed 1 million during the year.

In the year to 30 June 2014 the FTSE All-Share index advanced 9.4%, and we welcomed 42,000 new clients related to Initial Public Offerings (IPOs), especially relevant in 2014 being the extraordinary interest in the Royal Mail Share Offer. By comparison, the year to 30 June 2015 saw the FTSE All Share fall 0.8%, weighed down at various points by factors such as the Scottish Independence referendum and fears of Greek exit from the Eurozone. Stock market performance always influences new business and revenue and IPO activity was also less prevalent. Set in this context the year's asset gathering was excellent. Net new Vantage business in ISAs was £2.6 billion (2014: £2.2bn), up 18% and SIPPs £2.3 billion (2014: £2.1bn) up 10%. Fund and Share account net new business was £1.1 billion (2014: £1.8bn), down 39%, aptly demonstrating the effect of markets and IPOs which tend to primarily affect investing appetite in non-tax wrapped general accounts.

Attracting and retaining assets and clients through key distribution channels, and delivery of service excellence continue to be primary drivers of growth. Client retention and satisfaction of 93.4% (2014: 93.3%) and 95.7% (2014: 92.3%) respectively are testament to our quality of service and value for money.

A key part of our strategy is to grow complementary capabilities including fund management, pension drawdown and other services that will provide clients with further "one stop shop" investing options, and hence increase AUA and clients and therefore revenue and profit.

Perhaps the most immediate success within this strategy has been our fund management expansion. During the year we launched HL UK Growth, HL Asia and Emerging Markets, and HL European Multi Manager funds, to add to our existing five Multi-Manager funds. In less than 6 months, by 30 June 2015 the three new funds had attracted a combined £418 million of assets. These new launches allied to growth in our existing funds takes total funds under Hargreaves Lansdown's management to £5.6 billion (2014 £4.3bn).

In June 2015 we also launched HL Portfolio+, a straightforward investing service based around our multi-manager funds and a simple online selection process. Although early days, interest in this service has been promising.

Our preparations made for the "pension freedoms" announced by the Chancellor during the year meant that when this legislation was introduced on 6 April 2015 Hargreaves Lansdown was one of the few companies able to offer a comprehensive array of pension services allowing clients to take advantage of the freedoms. This effort was rewarded, with £1.6 billion of net new pension business in the six months to 30 June 2015, a 33% rise on the same period for 2014.

The interest rate environment remains depressed, and therefore income from cash balances remained low. 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 client cash is held in the SIPP. This allowed us to increase both revenue and interest rates we pay to clients holding cash in their SIPP. Interest income should further recover when interest rates increase. However, in the short term we continue to experience subdued margins on cash balances.

Our Corporate Vantage service continues to expand, with 256 schemes live or in implementation (2014: 211). This increase in schemes has been accompanied by a 32% increase in Corporate Vantage assets, which now stand at £1.3 billion. Although this project remains long-term in nature we remain satisfied with its continued success. Growth in the first half of the year was constrained by the effect of new auto-enrolment on our key markets, with many companies focusing on achieving compliance rather than selecting new schemes. Once that period abated, the second half of the year was much stronger, with 32 schemes added in the second half compared to 22 for the corresponding period in 2014.

2015/2016 MARKET OUTLOOK

There continue to be some welcome signs of a return to stronger economic trading conditions. As we saw during the year under review, this does not necessarily always translate into higher stock market levels. Stock market performance is a key factor for our results and we believe markets are likely to continue to be influenced by the performance of Asian economies, particularly China, with the potential for occasional reprises of Eurozone issues and the influence of geopolitical events. However we believe value exists in a number of key stock markets, particularly Europe and Japan.

We are also pleased to note that the benefits of saving and investing now feature more regularly as key aspects of government policy and this is likely to enhance the attractiveness of investing and the future growth of our company. We therefore remain optimistic about the future.

GROUP OUTLOOK

Given our excellent performance and reduced headwinds, looking forward we intend 2016 to show a return to healthy profit growth, even taking into account expenditure on launching new services.

Having successfully absorbed 2014's regulatory changes, particularly the Retail Distribution Review (RDR), we have been able to deploy staff and resources on improving the business. The largest development in train is to deliver new cash and Peer-to-Peer lending services to clients. This development remains on track and we expect to bring it to market in the second half of 2016.

Given the success of our fund management business, further fund launches are planned, alongside a number of other improvements to the already excellent services we offer within the group. Once we have sufficient track record to evaluate the success of our new Portfolio+ service, we will consider whether to further expand our stable of simple online investing tools, sometimes referred to as "robo-advice."

Whilst Hargreaves Lansdown has the scale and resources to deal with rising costs posed by ever-increasing regulation, technology and servicing expectations, these factors are an increasing challenge for a number of firms in our industry. Two transactions, one in June 2015 and the other in July 2015 have been entered into with third party companies who wished to transfer their books of business to Hargreaves Lansdown post year-end. These transactions combined could in due course add up to £430 million of client assets and 12,000 clients. We believe further opportunities may present themselves in future as the need for scale becomes ever more vital.

THE IMPACT OF REGULATION AND GOVERNMENT POLICY

The retail distribution review, the biggest structural change to our industry for many years, has now been implemented and has had time to bed in. Looking forward, we see the direct investment market continuing to grow.

Unusually the year's biggest changes arose not from regulation but from government policy, particularly around pensions. In the budget the Chancellor announced what has become known as the "pension freedoms," allowing the UK public more access to their pension investments and more options for funding their retirement. As well as supporting these changes Hargreaves Lansdown has been uniquely well-placed to benefit from them, being one of the biggest providers of drawdown services as well as the U.K.'s largest independent annuity broker. Through a considerable amount of hard work our company was in a position to offer clients full access to the freedoms from their inception on 6 April 2015 and we have benefited from considerable new pension business as a result. We hope this trend continues in 2016.

Following on from the positive public response to the pension freedoms, subsequent government policy has also brought more encouragement for saving and investing. The government has introduced the ability for Child Trust Funds (CTFs) to be transferred to Junior ISAs, and a £5,000 tax-free dividend allowance. Whilst these have been to some extent offset by changes to pensions tax relief and dividend taxation for wealthier investors, overall the package of changes have been positive and benefit the majority of our investors, further assisting us in encouraging investment amongst the UK public.

Regulation is a continuous theme in financial services, and addressing regulatory change continues to take up a considerable amount of our time and resources. However, Hargreaves Lansdown is well-placed to address these challenges and whilst there are always further regulatory changes coming down the track, we do not expect them to have as material an impact as those of the last 18 months.

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. The ability for CTFs to be transferred to Junior ISAs allows more than 6 million children to potentially benefit from lower charges, better service and returns. This change is also something we have campaigned for over a considerable period and we were delighted to see it come to pass.

Other campaigns have included making it easier and quicker for investors to transfer their investments and pensions from one provider to another, campaigning for better pensions access, which means we welcome the Chancellor's approach of greater freedoms for pension investors at retirement, and we continue to challenge HMRC on the issue of taxation of loyalty bonuses, the so called "discount tax". A successful challenge would see money being returned to investors.

Hargreaves Lansdown will again pay its corporate taxes in full in the UK, and we shall continue to seek to be a role model for how financial services companies deliver a great service, reputable behaviour and profitability in harmony with the UK public.

During the year the company supported the Youth Adventure Trust as its charity chosen by staff, and the Wallace and Gromit Grand Appeal, amongst others.

CONCLUSION

I would like to thank our clients, shareholders, staff 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 great results.

Ian Gorham
Chief Executive
16 September 2015

*As issued by The Platforum UK D2C Guide July 2015.
**Stockbroking data from Compeer Limited XO Quarterly Benchmarking Report Quarter 2 2015

BUSINESS MODEL

As the UK's largest direct to investor "investment company" Hargreaves Lansdown aims to make profits by providing investors with a competitively priced service for acquiring, managing and disposing of a wide range of authorised investments. The service incorporates provision of a wealth of information and research into opportunities with potential. We aim to be the best place in the UK to buy investments directly.

We aim to improve internal efficiencies embracing all proven technology. At the same time we strive to offer the best research and information across an increasing spectrum of investments and markets using Hargreaves Lansdown's buying power to secure the best prices and lowest charges from providers.

WHO WE ARE AND WHAT WE DO

We have been helping clients choose and manage their own investments since 1981 and are now the UK's largest direct to investor 'investment supermarket' with an annual turnover in excess of £395 million. We provide execution only, advisory services and third party investments for individuals and corporates. We administer £55.2 billion of investments in our ISA, SIPP and Investment accounts for 736,000 clients, and have arranged investments for over a million clients.

Our success is built around providing our clients a high quality service tailored to their needs, and ensuring that they have access to relevant information to support them with making their own investment decisions. We also provide a discretionary service (the Portfolio Management Service) if clients prefer not to make their own investment decisions. Our knowledgeable and helpful staff, technology and experience enable us to provide an excellent and convenient service to our clients.

Read more about our range of services on pages 2 to 3.

HOW OUR BUSINESS GENERATES VALUE

Fund supermarkets and wrap platforms more typically focus on servicing the IFA community. Our investment supermarket services the private investor directly. The Hargreaves Lansdown business model allows us to offer highly competitive prices to our clients and achieve strong profitability. We aim to create shareholder value by retaining our position as the best place in the UK for private investors to buy investments.

We earn the majority of our income based on the value of assets under administration (AUA). This income is based on a percentage of the value of AUA and is expressed as basis points (bps). AUA grow through existing and new clients adding more investments into their accounts, combined with growth in the underlying value of the investments they hold in their accounts. Stock markets give an indication of investment growth and the most relevant proxy measure we have for such growth tends to be the movement in the FTSE All Share Index. As such, as markets grow this tends to boost AUA and therefore income and ultimately profits. Income levels vary according to the class of investment, the type of account and the amount held – some fees are stepped, tiered or capped. The mix of investments and products has an impact on the levels of revenue.

We aim to grow our business by retaining existing clients, obtaining continued new investments from our existing clients and by winning new clients. We do this by providing market leading service, information, and value. When combined with the security we offer and the trust in our brand it provides a compelling reason for clients to choose Hargreaves Lansdown.

New business grows our AUA, but there will also be a natural loss of business whether from investors using their savings upon retirement, death or the effects of competition. However, investors can readily switch between different investments without the need to leave our investment platform, which means we do not see the outflows of AUA that an asset manager would experience when an investor decides to sell their investment – the cash or the new investment can remain on our investment platform. We aim to retain as much AUA as possible with a constant focus on excellent service and providing a 'one stop shop' offering a broad range of investments and services. AUA may also grow or be reduced due to the effect of market movements.

WHERE WE ARE BASED AND HOW WE OPERATE

We have been based in Bristol ever since the business was started in 1981. Our clients are located across the UK, with the majority of business taking place through our website. 88% of our clients have access to our website and all of our clients have access to our telephone helpdesk. For those clients who require advice, and prefer face to face advice, we have a team of 102 financial advisers located throughout the UK.

Our people, our culture, our technology and IT infrastructure are key to our success. As at 30 June 2015 we employ 970 people and are committed to recruiting and retaining great people who understand our client-led culture (see Our People on page 31). We have a flat management structure and aim where possible to promote from within, building knowledge and loyalty.

WHO OUR CLIENTS ARE

Our investment supermarket service is provided directly to the private investor in the UK. Our clients may be investing for their future, saving for retirement, investing for children or grandchildren, making the most of tax allowances by using ISA and pension allowances, or they may be drawing down on their investments after retirement. The majority of our clients select and manage their own investments using our Vantage platform. Alternatively they can use our Multi-Manager funds or the Hargreaves Lansdown Portfolio+ service which provides ready-made portfolios which are managed by our in-house experts. Through the Vantage service our clients are able to access over 13,000 different investments including over 2,500 investment funds, shares listed on the UK, US, Canadian and European stock exchanges, bonds, ETFs and investment trusts, and can also hold cash balances. We have 727,000 active Vantage clients as at 30 June 2015.

We also provide services such as workplace pension schemes and annuity purchase services to private investors through corporate clients. We work on behalf of 500 corporate clients, of which 256 are Corporate Vantage schemes – the 51,400 individual clients within those schemes are included in the number of Vantage clients.

Some of our clients prefer to have an investment manager looking after their investments for them, and they can use our Portfolio Management Service (PMS) which is accessed via one of our many highly qualified financial advisers. We have 14,845 PMS clients. Read more on these and the other services we provide on pages 2 to 3.

HOW WE ARE DIFFERENT

Everyone these days talks about excellent service. It is easy to talk about it, but it takes experience and commitment to actually deliver it. Our service is joined up – one website, one login, one conversation, one platform offering a huge range of investments – a 'one stop shop'. There is more we can do to keep improving, but we are in a strong position when it comes to delivering great service as evidenced by recent awards from Which? and The Platforum.

A founding principle of our business is 'simplicity' – the financial services industry is weighed down with complexity, yet when we deal directly with self-directed investors we make it simple for them.

We use our scale and position in the market to negotiate favourable discounts for our clients, we lobby for better savings products, and we put the client at the heart of everything that we do.

Most changes and opportunities within our business require an element of systems or web development. We own, control and develop our own IT systems. We have our own proprietary systems that are not sold to others in the industry, and we have in-house development knowledge and expertise. This makes us nimble and quick to respond to opportunities. Our business is not capital intensive, but we employ 157 IT staff to maintain, develop and operate our IT infrastructure, website and systems. The long-term sustainability of our IT platform continues to be a key strategic priority for us.

HOW OUR BUSINESS IS SUSTAINABLE

We have a consistent track record of growing AUA, active clients and improving our service. Other than this year, for the reasons highlighted in the Chief Executive's statement, we also have a consistent track record of growing profits and EPS. We believe this is because we have the right distribution channels, offer the right service and products, and operate with the right cost structure. Going forward we believe that market and demographic trends continue to be favourable expanding our key markets of pensions and ISAs. In addition the growth in the market size addressable by Direct to Client platforms is expected to continue growing significantly.

A large proportion of AUA (71%) are "sticky", by this we mean that they are held within a tax wrapper which makes investors less likely to spend them. Our excellent service standards and breadth of service means that we have very high rates of asset and client retention (92.7% and 93.4% respectively). As a result, we attract high quality recurring revenue streams.

The business operations are very scalable, and as it continues to grow we benefit from economies of scale and increasing cost efficiency. We utilise technology to ensure our service is efficient and as automated as possible such that adding new clients and assets has only a marginal impact. We continually look at the competitive landscape, industry developments and what our clients want in order to evolve our service with the aim of growing our market share. Communication with clients is conducted through regular client forums and various targeted surveys. A key current project is how we can better service the asset class of cash on behalf of our clients and to that end we are developing a cash management portal and Peer to Peer lending service which will give access to a significant new pool of assets that we can look to add to our platform and earn recurring revenues.

To ensure that the business continues to thrive, we reinvest some of the increased profits back into the business to provide improved services, better functionality and over time we strive to make costs cheaper for our clients.

STRATEGIC PRIORITIES AND PROGRESS

How are we doing?

	OUR 2015 PRIORITIES	PROGRESS AGAINST OUR OBJECTIVES
Attract and retain clients › excellent service	Service improvements in particular cash and pension services.	95.7% of clients responding to a May 2015 survey rated our service as good, very good or excellent (Aug 2014 94.4%). In 2015 we maintained an excellent client retention rate of 93.4% (2014: 93.3%).
	Continue to campaign on issues which affect our clients, be a force for good within the industry.	We launched our “Retirement Planner” in time for the new pension freedoms helping clients to make key decisions regarding their pensions Following much lobbying Child Trust Funds became transferable into a Junior ISA as from April 2015.
Provide the right products and services to support growth › asset gathering	Focus on opportunities in the pensions market arising from the 2014 budget	We launched a revised Income Drawdown service to coincide with the new pension freedoms and improved the information and interactive tools for pension clients. In 2015, assets under administration (AUA) increased by £8.3 billion. The asset retention rate remained very high at 92.7%. Corporate Vantage service gained an additional 45 corporate clients during the year with AUA as at 30 June 2015 of £1,301 million (2014: £984 million).
	Identify and execute opportunities for additional revenues within the Vantage service.	We launched three new Multi-Manager funds all of which attracted significant funds at launch. We launched HL Portfolio+ utilising our in-house experts to manage our clients’ investments.
Increase shareholder value › efficiency improvements	Focus on industry automation improvements, including further automation of transfer business.	The proportion of Vantage clients managing investments online has increased with 97% of client driven share deals carried out online (2014: 96%). 88% of our clients have registered for online access (2014: 85%). We have invested in our IT development capacity, security and initiatives to future proof our systems; principally through the recruitment of additional IT development staff.
	Continued investment into IT to ensure that the IT platform remains scalable and efficient to support future growth.	Cost ratio (costs as a proportion of AUA) reduced by 1.3bps to 18.8bps.
Satisfying careers for staff › recruit, develop and retain quality staff	Build on the actions from the 2014 employee survey.	We launched a Career Development Path and a suite of e-learning on our intranet site for all employees and a High Potential Programme aimed at developing and retaining key talent in the business.
	Increase the focus on talent management, building from the bottom-up to strengthen future management teams and better help staff achieve their ambitions.	Continued use of share incentives for key staff and SAYE scheme for all staff. 67.4% of eligible staff are in one or more SAYE schemes. Undertook a second employee survey, and started putting key actions in place.

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This year we have enhanced our services, attracted 84,000 new clients, transacted 7.4 million fund trades and 3.4 million share trades and navigated significant regulatory changes. These two pages summarise our progress against the priorities we set last year, and sets out our priorities for the year ahead.

PERFORMANCE INDICATORS

No. of active clients ('000)

2015	**736**
2014	652
2013	507
2012	432
2011	386

Vantage asset retention

2015	**92.7%**
2014	92.3%
2013	93.6%
2012	93.8%
2011	92.0%

Net new business (£bn)

2015	**6.1**
2014	6.4
2013	5.1
2012	3.2
2011	3.5

Assets under administration (£bn)

2015	**55.2**
2014	46.9
2013	36.4
2012	26.3
2011	24.6

Proportion of online clients (%)

2015	**88**
2014	85
2013	81
2012	78
2011	74

Net operating profit margin (%)

2015	**67.3**
2014	71.3
2013	71.5
2012	67.8
2011	64.7

Revenue per employee (£'000)

2015	**323**
2014	368
2013	368
2012	338
2011	299

Average number of staff

2015	**910**
2014	794
2013	731
2012	657
2011	643

OUR 2016 PRIORITIES

Service improvements, in particular those using digital technology.

Be a one-stop-shop for the savings and investment needs of our clients.

Focus on opportunities in the pensions market arising from 2015 pension freedoms.

Identify and develop services to facilitate administering a bigger share of people's wealth.

To grow profits through revenue growth and cost control driven by efficiency improvements.

Continued investment in systems and processes to ensure the business remains scalable and efficient to support future growth.

Build on the actions arising from the 2015 employee survey.

Leverage from the investment being made in Career Development and the launch of the High Performance program.

BUSINESS REVIEW

In a muted year for both stock markets and retail investing the key performance metrics of gathering assets and clients have remained strong, primarily because of our continued excellent service and value provided. Although the headwinds of post-RDR pricing and lower interest margins on cash have impacted revenue and profits this year, the underlying performance of the business has been strong, remains highly profitable and provides a solid basis for returning to profit growth.

ASSETS UNDER ADMINISTRATION (AUA) AND NEW BUSINESS INFLOWS

During the year the value of total AUA has increased by 18%. The Group achieved net new business inflows of £6.1 billion, and the positive impact of the rise in investment markets and other growth factors increased client assets by a further £2.2 billion. Total AUA can be broken down as follows:

	At 30 June 2015	At 30 June 2014	movement
	(£'bn)	(£'bn)	%
Vantage Assets Under Administration (AUA)	**52.3**	44.2	**+18**
Assets Under Administration and Management (AUM)			
- Portfolio Management Service (PMS)	**2.9**	2.6	**+12**
- Multi-Manager funds held outside of PMS	**2.9**	1.9	**+53**
AUM Total	**5.8**	4.5	**+29**
Less:			
Multi-Manager funds (AUM) included in Vantage AUA	**(2.9)**	(1.9)	**+53**
Total Assets Under Administration	**55.2**	46.9	**+18**

WE NOW ADMINISTER £55.2 BILLION OF INVESTMENTS ON BEHALF OF OUR CLIENTS

£6.1 BILLION TOTAL NET NEW BUSINESS

Net new business in the Vantage SIPP, ISA and Fund & Share account was respectively £2.3 billion, £2.6 billion and £1.1 billion (2014: £2.1 billion, £2.2 billion, £1.8 billion), in total £6.0 billion (2014: £6.1 billion). The SIPP increase of 10% was driven by an increased number of SIPP clients making more contributions and transfers of other pensions to Vantage. In addition the new pension freedoms, introduced from 6 April 2015, have contributed to a particular increase year-on-year in net new business. The ISA increase of 18% was driven by increased transfers into Vantage as clients look to consolidate their ISA investments in one place. The ability to transfer Child Trust Funds to the Vantage Junior ISA from 6 April 2015 has also provided a boost with £60m of transfers in just 3 months. In contrast the Vantage Fund & Share account decreased by 39%. As this account has no tax benefits and no caps on contributions it tends to be impacted 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. Unlike last year there was not nearly the same level of IPO activity driving new business flows within the Fund and Share account. In addition there has been a significant increase this year in value of transfers from this account into the SIPP and ISA accounts as clients utilise tax benefits.

PMS has grown by 12%, although net new business within PMS slowed significantly to £72 million (2014: £304 million) as the option of investing in Vantage portfolios was preferred.

Market growth was again a positive contributor to AUA with Vantage market growth being £2.0 billion (2014: £4.0 billion) and PMS £169 million (2014: £198 million). Over the year to 30 June 2015 the FTSE All-Share index fell by 0.82%, although the average month-end level of the FTSE All-Share index was 2.0% higher versus 11.9% higher in 2014.

The first half of the year was rather muted

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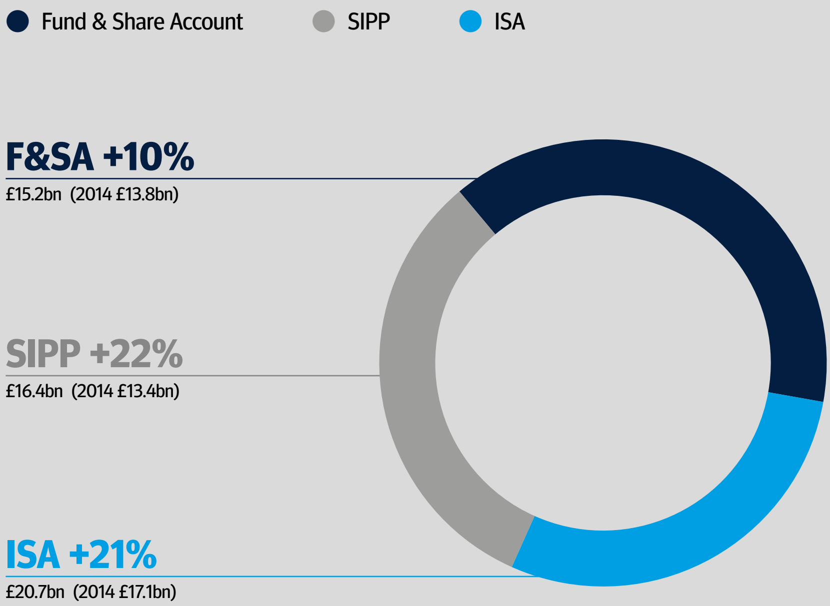
for both stock markets and retail investing, however, net new business was still a creditable £2.25 billion. This was down on the prior year comparison of £2.80 billion which enjoyed the dual boost of both rising stock markets and interest created by various IPOs and in particular the Royal Mail share offer.

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 a record £3.8 billion of net new business in the second half versus £3.6 billion for the prior year comparative. This year benefited from the 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. The comparative was boosted by the TSB IPO and Woodford fund launches both of which took place in June 2014 and resulted in c£293m of new business. The strong second half was particularly pleasing given the relatively benign investment backdrop, with investor confidence declining and markets showing little growth. This performance is testament to the value our clients place on our continued excellent service and the additional new products and services we provide.

Cash deposit rates on offer from banks have remained at historically low levels. Those seeking a higher return continue to turn to alternative investment options such as funds and shares, which offer higher yields and potential capital growth. This factor continues to spur clients to divert more of their savings into investments in Vantage. Because the options available to the UK investors for readily available online cash products are limited we are currently developing a range of cash management services including cash broking and Peer to Peer lending which we expect to be launched in the second half of 2016. This will give us new services for cash and once launched should help attract additional assets from existing clients and new clients who primarily want better returns on cash.

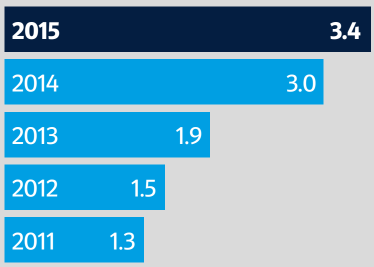
More clients are investing through Hargreaves Lansdown than ever before. In total we now administer investments for 736,000 clients (2014: 652,000, +13%) across 1,024,000 accounts (2014: 920,000, + 11%).

2015 TOTAL VANTAGE AUA

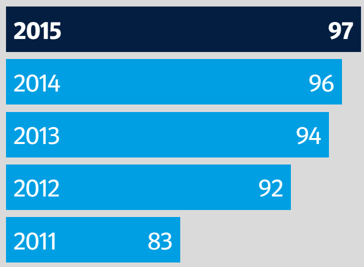


TOTAL VANTAGE AUA £52.3BN (2014 £44.2BN)

SHARE DEALING VOLUMES (M)



CLIENT SHARE DEALING % ONLINE



13% GROWTH IN SHARE DEAL VOLUMES

97% OF VANTAGE CLIENT SHARE DEALS ARE DEALT ONLINE

DIVISIONAL PERFORMANCE

The Group is organised into three core operating divisions, based around the products and services described on pages 2 and 3:

- Vantage: represents 75% of Group operating profit.
- Discretionary and Managed: represents 20% of Group operating profit.
- Third Party and Other services: represents 5% of Group operating profit.

VANTAGE

As highlighted in the Chief Executive's Review, during the year we faced significant headwinds on interest earned on client money and on the margin we made on investment funds held by clients. The base rate of interest remained at its historic low of 0.5% for a sixth consecutive year. Combined with the FCAs restrictions on the use of term deposits for client money as from 1 July 2014, this served to drive down the revenue margin on client money to 0.53% (2014: 0.91%). This year was also the first full year under the RDR pricing regime and as previously flagged there will be a decline in the revenue margin on funds from the implementation date of March 2014 until April 2016 when all renewal commissions still received from fund management groups relating to pre-RDR funds will be passed on fully to clients. The revenue margin for funds held on the Vantage platform in the year was 0.46% (2014: 0.52%). From April 2016, barring any other changes, we would expect the net revenue margin earned on funds to be c0.42%-0.43%.

A third factor affecting Vantage revenue was the restructuring of the collection method for overseas foreign exchange income relating to overseas trading by clients. A decision was made to bring this activity in-house using our own foreign exchange service. The new collection method, a change required at short notice, will give us better control and long term robustness over this income and will also allow us to pass on the benefits of the resulting efficiencies in reduced overseas trading costs for many clients. The development work necessitated a hiatus in collecting this income over the second half of the year, with a one-off revenue reduction in stockbroking commission estimated at £3.5m for the six months to 30 June 2015. The work was completed in July 2015 and foreign exchange revenue returned to normal.

The Vantage division's net revenue decreased by £1.0 million from £221.0 million to £220.0 million. Although there was an 18% growth in AUA this year, plus the impact of a full year's income on assets gathered during the previous year, it was not enough to offset the headwinds mentioned above. Interest on client money fell from £33.7 million to £24.2 million; stockbroking commission fell from £39.0 million to £35.4 million and revenue from funds, despite the 22% increase in fund AUA across the year, only increased by 7% from £128.0 million to £136.7 million.

The £6.0 billion of net new business inflows, or 'organic growth', represented 14% growth in Vantage assets this year (2014: 18%).

The increase in AUA derived from stock market and other growth factors was 5% (2014: 12%). The combined impact of organic growth and market growth resulted in SIPP AUA growing by 22%, ISA by 21% and assets in the Fund and Share account by 10%.

Included within the Fund and Share account is a significant holding in Hargreaves Lansdown plc shares which decreased in value by 8% during the year. Excluding Hargreaves Lansdown shares, the growth in Fund and Share AUA was 16%.

As at 30 June 2015, the value of assets within the Vantage ISA was £20.7 billion (30 June 2014: £17.1 billion), the Vantage SIPP was £16.4 billion (30 June 2014: £13.4 billion) and the Vantage Fund and Share Account was £15.2 billion (30 June 2014: £13.8 billion).

During the year the number of active Vantage clients increased by 84,000 to 727,000. Total clients include 50,000 active Corporate Vantage scheme members across 248 live schemes and 43,000 Junior ISA clients. Junior ISA clients were up from 25,000 last year helped by the fact that as from 6 April 2015 Child Trust Funds could be transferred across to Junior ISAs. We now administer 231,000 SIPP accounts, 515,000 ISA accounts and 256,000 Fund and Share accounts on behalf of our clients.

21% more clients contributed to their SIPP than in the year to 30 June 2014, with the average new contribution into a Vantage SIPP this year increasing by 8% to £8,921. The number of clients subscribing to their Vantage Stocks and Share ISA decreased by 1%, however the average subscription increased by 24% to £10,153.

Clients continued to transfer SIPP, ISA and other investments held elsewhere into our Vantage service. The value of transfers-in increased this year by a significant 19%. More clients sought to consolidate their investments and benefit from the advantages of having them all held in one place with a company they trust.

Clients continued to have a relatively low weighting in cash and were prepared to take more risk given the continued low interest rates available on cash. The composition of assets across the whole of Vantage at 30 June 2015 was 10% cash (30 June 2014: 9%), 34% stocks and shares (30 June 2014: 36%), and 56% investment funds (30 June 2014: 55%). The slight increase in cash weighting occurred post the tax year-end as clients contributed to their accounts but deferred investment because of reduced investor confidence.

A number of our clients make regular contributions into their ISA, SIPP or Fund and Share accounts. The 'Regular Savers' service has been growing steadily since being introduced 12 years ago, and as at 30 June 2015 we had 105,000 clients (2014: 81,000) saving a total of £34.4 million (2014: £28.2 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 an additional £15.7 million each month.

We handled over 10.7 million dealing instructions on behalf of 727,000 clients. Our website (www.hl.co.uk) and apps were visited 87.7 million times, an increase of 20% on the previous year.

Vantage clients transacted 7.4 million fund deals (2014: 6.3 million) and 3.4 million share deals in the year (2014: 3.0 million). No charge is made to our clients for dealing in investment funds and therefore fund dealing does not generate revenues. Share deals are made up of client driven deals and automated deals such as dividend income reinvestment and regular savings. The threshold for dividend reinvestment was lowered from £50 to £10 as from 1 June 2014 and consequently the volume of automated deals has increased significantly this year. Client driven deals totalled 2.8 million compared to 2.7 million last year. Despite the overall increase in dealing volumes stockbroking commission fell by £3.6m to £35.4 million as a result of the temporary loss in overseas foreign exchange income explained above.

DISCRETIONARY AND MANAGED

The Discretionary 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 in the Discretionary division increased by 17% from £44.9 million to £52.4 million. The increase in AUM helped to increase management fee and ongoing advice income. In addition following the implementation of RDR from 1 March 2014, the annual management fee charged on the HL Multi-Manager funds of 0.75% has been retained wholly within the discretionary division. Pre-RDR a 0.5% intra-group renewal commission was paid into Vantage in respect of Vantage client fund holdings. The net impact is an effective increase in revenue to the discretionary division and a reduction in Vantage.
The value of assets managed by Hargreaves Lansdown through its own range of multi-manager funds and PMS increased by 26% to £5.8 billion as at 30 June 2015 (2014: £4.6 billion). The growth in assets was driven by net new business of £0.9 billion combined with a market increase of £0.3 billion. During the second half of the year three new multi-manager funds were successfully launched helping to attract new clients and assets. The three new funds are "UK Growth", "European" and "Asia and Emerging Markets" and provide further geographical and sector diversification to the existing range. In the short time since launch these three funds have grown to a combined value of £418m. Their popularity since launch along with the continued growth of the existing five funds is an endorsement of the investment expertise and service we provide.

Our Portfolio Management Service generates revenue from initial and ongoing advice fees, as clients are supported through our team of financial advisers. As at 30 June 2015 the Group had 102 financial advisers (30 June 2014: 102).

THIRD PARTY AND OTHER SERVICES

Third party and other services net revenues fell 16% during the year, from £26.0 million to £21.8 million.

The key reason for the decline has been the full year impact of the reduction in annuity volumes brokered following pension reforms introduced in the Government's March 2014 budget and hence the commission income received. The reforms have introduced greater flexibility in terms of how people access their pension savings and as a result the demand for annuities has declined. Annuity income has fallen from £4.7m in 2014 to £1.9m 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 within the Vantage division.

Revenue from our Funds Library service (through the provision of fund data and research services) increased by £0.4 million to £6.4 million. The service has experienced underlying growth in client numbers and funds which has helped to increase the recurring revenue across a range of the services provided.

The total revenues from Hargreaves Lansdown Currency and Markets (CFDs, spread betting and currency services) were marginally up at £4.2m as increased numbers of clients utilise these additional services, particularly the currency service, driving transactional volumes higher.

Third party 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. Indeed for the year, third party corporate income other than annuities fell by £1.7million to £3.0 million.

IT AND SYSTEMS

We continue our successful approach of managing a continuous programme of improvement around our dedicated IT platform. The bespoke nature of our systems architecture enables us to deliver ongoing improvements in a successful manner. Our services continue to evolve and include the introduction of our Retirement Planner, Portfolio+ and Watchlists, to name just a few. Improvements are co-ordinated with significant strategic investments to ensure capacity, security and processing capabilities are scalable in the years ahead.

MARKET REVIEW

Regulation and markets

Hargreaves Lansdown operates in a highly regulated industry, but is well placed to deal with the continued pace of regulatory change.

This year saw the first full year of our post-RDR pricing structure, the effects of which have been highlighted in the Chief Executive's Review.

The year also included significant work to respond to the changes in pension legislation, as well as work on the launch of three new funds and adapting to regulatory changes introduced by the Alternative Investment Fund Directive.

In the wider marketplace, the effects of Basel 3 continued to impact the cash deposit rates that we are able to earn for our customers, although we have worked hard to offset some of the negative effects by amending SIPP cash to a trustee arrangement.

We aim to maintain an open and constructive dialogue with the FCA and we continue to monitor forthcoming regulatory changes. Perhaps the most significant of these is expected to be MiFID II which is likely to require additional reporting and processing changes for our business from January 2017. We will continue to engage in active dialogue with the regulator and industry over implementation.

The markets in which Hargreaves Lansdown operates are multi-faceted. Competitors include IFAs, execution-only brokers, banks, building societies, life assurers, fund supermarkets and certain wrap platforms. Given the success of our business, direct competition is predicted to increase; however, significant barriers to entry exist. We have 34 years' experience and have developed the IT systems and infrastructure in-house, both to facilitate efficient administration and more specifically to fulfil clients' needs, of which we have unparalleled knowledge. Our direct postal marketing reach is in excess of 2.3 million people, a contact list which would be difficult to compile today, and we have ensured that we have grasped the opportunities offered by digital marketing, creating a powerful distribution network. Given our brand reputation and scale, if increased competition leads to increased awareness and growth in our markets we see this as positive.

Hargreaves Lansdown's market share has increased in the majority of relevant markets that figures are available for. For example, for the year to 5 April 2015, HMRC figures show that 14.1% of all stocks and shares ISA subscriptions were made via Hargreaves Lansdown. This compares to 10.9% for the year to 5 April 2014. At 30 June 2015 our share of the execution only stockbroking market in the UK had risen to 24.2%, compared to 22.5% at the end of the previous year (source: Compeer).

In addition, transfers of client assets from competitor companies to Hargreaves Lansdown increased by 12%. Hargreaves Lansdown is a net recipient of assets from the vast majority of other companies in the market every year. Our own asset retention, however, remains extremely strong, at 92.7% of all assets under administration. This is testament to our excellent service.

We must not be complacent, as there are many companies who would like to emulate the success of Hargreaves Lansdown. However, for now our service remains unparalleled and we must work hard to maintain our competitive advantage.

ISAs

The ISA market continues to grow. HMRC figures published in August 2015 show that new subscriptions into Stocks and Shares ISAs were £17.9 billion and over £245 billion is now held within Stocks and Shares ISAs. In the tax year ended 5 April 2015 over 2.7 million adults contributed into a Stocks and Shares ISA with the average subscription being £6,593. Hargreaves Lansdown saw 249,000 adult clients contributing an average of £10,153.

Each year our excellent customer service results in net transfers of client assets from other ISA providers. This year a record 52,753 clients transferred £1.20 billion of investments to us. With continued low interest rates, Stocks and Shares ISAs remain attractive. Following last year's increase in the ISA allowance from £11,880 to the new NISA allowance of £15,000, this year's increase returns to a more normal increase to £15,240 as from 6 April 2015.

The launch of the Junior ISA in November 2011 widened the ISA market with the ability to currently save up to £4,080 for each child per annum. Subsequently Hargreaves Lansdown and others successfully lobbied the Treasury to permit transfers from Child Trust Funds (CTFs) to Junior ISAs and following a period of consultation the Government made this change from 6 April 2015. Over six million children in the UK currently have CTFs with circa £4.8 billion pounds invested. Between 6 April 2015 and 30 June 2015 we saw over 11,600 transfers from CTFs to Junior ISAs further establishing Hargreaves Lansdown as the largest provider of Junior Stocks and Shares ISAs in the UK.

PENSIONS/SIPPs

The SIPP market is estimated to have assets under administration of £150 billion across 1.1 million accounts. As at 30 June 2015 our Vantage and PMS SIPP together held £17.0 billion, representing 11.3% of this current market.

In future the UK population will be less able to rely on state assistance or defined benefit pension provision. As a result there is an increasing need for people to make their own pension arrangements.

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 1 October 2018 the minimum contribution will be 9% of which the employer will have to pay a minimum of 4%. Our Corporate Vantage service seeks to service this market. Existing schemes we administer will also benefit from auto-enrolment contributions.

The gap between current saving and the amount needed to adequately fund retirement is being partially addressed through auto-enrolment. In addition the increased flexibility introduced to pensions as from 6 April 2015 should make them a more popular investment in the future. Combined, these two factors should provide the stimulus for long-term growth in the pension market.

The pension changes or "Pension Freedoms" were introduced from 6 April 2015. The new freedoms allow for unlimited pension withdrawals from the age of 55 (subject to tax laws) and the potential to pass your pension on to family tax free. Such changes make pensions not only better in terms of a retirement plan but also as a long-term savings product.

MEASURING OUR PERFORMANCE – KEY INDICATORS

We use a range of indicators in order to assess performance. We consider the following measures to be the key financial, operational and commercial indicators when looking at the overall performance of the Group. We refer to these measures throughout the Strategic Report.

Strategy/objectives	Performance indicator	2015	2014	+/-
Growing the value of assets under administration and management	Growth in AUA (1)	£55.2bn	£46.9bn	+18%
	Vs. FTSE All-Share index (2)	3570.58	3600.19	-0.8%
Excellent client service and client retention	Client satisfaction survey (3)	95.7%	94.4%	+1.3pts
	Client retention rate (4)	93.4%	93.3%	+0.1pts
High earnings quality	Percentage of recurring net revenue (5)	78%	76%	+2pts
	Proportion of assets earning recurring revenue (6)	84%	82%	+2pts
Strong organic growth - asset gathering and client recruitment	Number of active clients (7)	736,000	652,000	+13%
	Net new Vantage business inflows (8)	£6.0bn	£6.1bn	-1.6%
	Total net new business inflows (8)	£6.1bn	£6.4bn	-4.7%
	Asset retention rate (9)	92.7%	92.3%	+0.4pts
Maintaining tight cost control and operating efficiency	Net operating profit margin (on net revenue) (10)	67.3%	71.3%	-4pts
	Group cost ratio to AUA (11)	18.8bps	20.1bps	-1.3bps
Shareholder value and superior financial performance	Diluted earnings per share (12)	33.1p	34.2p	-3.2%
	Profit before tax	£199.0m	£209.8m	-5%

1. The value of all assets under administration in Vantage and PMS plus assets held by third parties in the HL Multi-Manager Funds.
2. The closing values as at 30 June 2015 and 30 June 2014, sourced from ProQuote.
3. Based on May 2015 & Aug 2014 client surveys of 14,344 & 9,371 respondents, where service was voted as good, very good or excellent.
4. Based on the monthly lost clients as a percentage of the opening months total clients and averaging for the year.
5. Total value of renewal commission (after deducting loyalty bonuses), management fees, platform fees and interest earned on client money, as a percentage of total revenue.
6. Percentage of assets either held in an account which generates a fixed management fee or held in an account which generates management fees, renewal commission or interest proportionate to the value of assets held.
7. Unique number of clients holding at least one PMS or Vantage account with a value over £100 at the year-end.
8. Net new business inflows represents subscriptions, cash receipts, cash and stock transfers in less withdrawals and assets transferred out (refer to the Business review section on page 14 for more information on net new business inflows).
9. Based on the monthly lost AUA as a percentage of the opening months AUA and averaging for the year.
10. Net operating profit (profit before investment gains) divided by net revenue after deducting loyalty bonus and commission payments.
11. Operating costs (excluding loyalty bonus) divided by the average of the opening and closing level of total AUA. (100bps = 1%).
12. Based upon earnings and the weighted average fully diluted share capital.

A key indicator of success for the Group is the extent to which we have increased **total assets under administration (AUA)** during the period. This involves encouraging existing clients to entrust us with more of their savings through the provision of quality service, information and pricing, whilst also attracting new clients. In 2015 the 18% growth in value of total AUA (2014: 29%) was attributable to strong new business volumes, stock market increases and maintaining very high **client and asset retention rates and client satisfaction scores**.

Analysis of our AUA suggests that the FTSE All-Share index is a reasonable benchmark to use for stock market effects on AUA and so any change in this index can form a useful comparison against the growth in AUA. The FTSE All-Share index decreased by 0.8% during the year ended 30 June 2015 but on average the FTSE All-Share index has been 2% higher than during the 2014 financial year.

Assets under Administration produce a recurring revenue stream consisting of renewal commission, platform fees, management fees and interest. The **percentage of recurring net revenue** attributable to these 'quality earnings' increased slightly from 76% in 2014 to 78% in 2015. The value of recurring net revenues increased by 5% from £220.8 million to £228.9 million. Not all of our AUA generates recurring revenue, so when looking at the growth in total AUA, it is relevant to consider another indicator, **the proportion of assets earning recurring revenue**. This has increased slightly from 82% in 2014 to 84% in 2015.

The **number of active clients** acts as an indicator of how successful the Group has been at adding to its client bank. In 2015, client numbers increased by 13% (2014: 29%) and as at 30 June 2015 stood at 736,000.

Net **operating profit margin** decreased from 71.3% to 67.3%. Robust control of costs has continued although investment in new services, increased IT investment, (both of which have increased employee numbers), plus a significant increase in the FSCS levy have impacted the margin. The **group cost ratio** during FY 2015 improved further as we continued to benefit from our efficient and scalable operations. We consider the **diluted earnings per share** figure to be the most appropriate measure of financial performance. This decreased by 3.2% in the year to 33.1 pence.

FINANCIAL REVIEW

Net revenue growth from strong AUA inflows offset by known margin headwinds led to a small increase in revenue for the year. Operating cost increased primarily because of planned strategic investment leading to higher depreciation, as well as an unforeseen significant FSCS levy.

The Business review on pages 16 to 19 contains information about the performance of the Group, in particular further information about Assets Under Administration (AUA), new business inflows and the performance of the three divisions – Vantage, Discretionary & Managed, and Third Party & Other services and the markets they operate in.

TOTAL REVENUE

As highlighted last year, following the implementation of the RDR we now focus on the net revenue of the Group. This measure provides a better indication of year-on-year comparative performance. Total net revenue was up 1% for the year. Benefits from record levels of AUA, strong net new business, new active clients and transaction volumes were largely offset by the headwinds of low interest rates and changes to fund pricing plus a reduction in annuity income in the Third Party & Other Services division.

Vantage net revenue decreased fractionally for the reasons explained in the Business Review on page 20. Interest on client money fell £9.5 million and although the revenue earned on investment funds held by clients increased by £8.7 million the margin fell from 0.52% to 0.46%. The Discretionary division only has a negligible amount of interest revenue. The growth in AUM and net new business in this division drove a strong 17% growth in revenue. Third party and other services net revenue fell principally as we focus less on third party business and because of the reduction in annuity commission following pension reforms introduced in the March 2014 budget. Other services such as foreign currency and Funds Library continue to show underlying growth and we would expect these revenue sources to continue to grow.

Average levels of AUA were up 18% in the Vantage division. The assets held in Vantage can be held by clients in investment funds, shares and other stock, and cash. The net revenue margin earned on each asset class varies.

Financial performance

	Year ended 30 June 2015 £'million	Year ended 30 June 2014 £'milion	% movement
Revenue	395.1	358.4	+10%
Commission payable / loyalty bonus	(100.9)	(66.5)	+52%
Net revenue	294.2	291.9	+1%
Other operating costs	(91.7)	(83.1)	+10%
Total FSCS levy	(4.4)	(0.8)	+450%
Operating profit	198.1	208.0	-5%
Non-operating income	1.0	1.8	-44%
Profit before taxation	199.0	209.8	-5%
Taxation	(41.8)	(47.1)	-11%
Profit after taxation	157.2	162.7	-3%
Basic earnings per share (pence)	33.2	34.5	-4%
Diluted earnings per share (pence)	33.1	34.2	-3%

Investment funds on average represented 56% of Vantage AUA and the net revenue margin earned was 0.46% (2014: 0.56%). The reduction related to the full-year impact of the new RDR pricing implemented in March 2014 which had only a part year impact in the prior year. Reducing pricing on funds helped make investing in them cheaper for our clients. This was in accordance with our long-term strategy of lowering the cost of investing for our clients over time which in turn helps retain existing clients and attract new clients and assets. The pre-RDR net margin on funds was 0.60% while post RDR it has trended down to 0.46%. Looking ahead the net revenue margin will continue to trend down as we move through the transition phase of RDR until April 2016 when any renewal commissions still received from fund management groups relating to pre-RDR funds will be passed on fully to clients. From this point, barring any other changes, we would expect the net revenue margin earned on investment funds to be c0.42%-0.43%.

Shares on average represented 34% of Vantage AUA. The revenue margin on shares and other stock was 0.29% (2014: 0.35%). The decrease in margin has been caused by the temporary hiatus in overseas foreign exchange income on overseas trading in the second half of the year (as highlighted on page 18). In addition we have caps in place on share charges 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 a slight dilution to the margin over time as clients grow their portfolio of shares.

Cash on average represented 10% of Vantage AUA. As expected, the interest revenue margin earned on cash balances has fallen significantly during the year from an average of 0.91% in FY2014 to an average of 0.53% in FY2015. The FCA's restrictions on the use of term deposits of greater than 30 days, for client money from 1 July 2014, served to reduce the revenue margin on cash. As highlighted in last year's annual report we set out to mitigate the impact of these restrictions by amending SIPP cash to be held in trustee arrangements. From 20 April 2015 we began to place client monies held in SIPPs on term deposits again. 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. Based on the current base rate we anticipate the cash interest margin for the financial year 2016 to be in the range of 0.50%-0.60%.

Net revenue	**Year ended 30 June 2015 £'million**	Year ended 30 June 2014 £'million	% movement
Vantage	220.0	221.0	0%
Discretionary	52.4	44.9	+17%
Third Party and Other services	21.8	26.0	-16%
Total net revenue	294.2	291.9	+1%

However, following a period of unprecedented low interest rates in the UK, sentiment suggests that within the next 12 months the Bank of England may start to increase interest rates. Such a move should have a positive effect on the interest revenue margin.

TOTAL OPERATING COSTS

Total operating costs are made up of those management control plus certain other costs such as the Financial Services Compensation Scheme (FSCS) levies that are outside our control.

Commission payable is primarily the portion of renewal income which the Group receives on investment funds held in Vantage and is rebated to clients as a 'loyalty bonus'. This is deducted from revenue to calculate net revenue. Following the implementation of the RDR in March 2014 the amounts paid back to clients were significantly increased as commission income was replaced by platform fees.

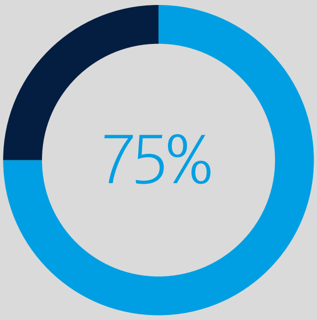
Other than commission payable, staff costs remain our largest expense.

	Year ended 30 June 2015 £'million	Year ended 30 June 2014 £'million	% movement
Commission payable / loyalty bonus	101.0	66.5	+52%
Other operating costs:			
Staff costs	53.1	51.3	+4%
Marketing and distribution costs	12.7	11.3	+12%
Office running costs	4.3	4.2	+2%
Depreciation, amortisation & financial costs	5.1	3.0	+70%
Other costs	16.5	13.3	+24%
Other operating costs	91.7	83.1	+10%
Total FSCS levy	4.4	0.8	+450%
Total operating costs	197.1	150.4	+31%

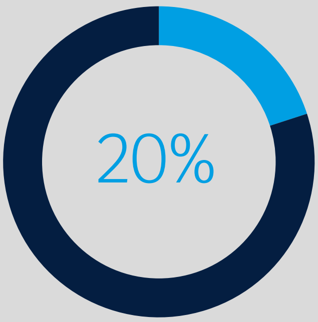
Divisional Group operating profit

The Group is organised into three core operating divisions, based around the products and services described on pages 2 and 3.

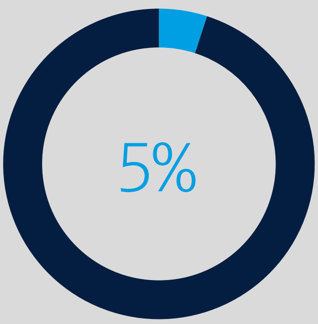
VANTAGE



DISCRETIONARY AND MANAGED



THIRD PARTY AND OTHER SERVICES



The number of staff employed on a full-time equivalent basis (including directors) at 30 June 2015 was 970, and the average number of staff during the year was 910, an increase of 15%. The increase in staff numbers resulted from increased investment in IT and web services, the development and running of new services, along with recruitment of additional telephone based financial advisors and administrative staff to deal with the growing volume of account openings, transfers and helpdesk calls.

Group marketing and distribution spend increased by 12%, from £11.3 million to £12.7 million and includes the costs of printing and sending information and newsletters to existing and potential clients, media advertising, online marketing and client incentives. This 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+ which have all given rise to increased marketing and advertising costs.

A key strategic focus for the business remains our use of mobile and digital media. We continue to invest significantly in paid search traffic, cost per click relationships, HLTV and smart phone and tablet apps. These have also contributed to additional cost this year but have served to reinforce our strength in digital media which helps drive client and asset recruitment.

Depreciation has increased significantly following the increase in capital expenditure, primarily on IT hardware and software for our core in-house systems over the past three years.

Other costs which include dealing costs, insurance, computer maintenance, external administration charges and irrecoverable VAT increased by £3.2 million or 24%. These increases are a result of the increased size and scale of the business and enhancement to the services we have provided.

FSCS LEVY

Costs relating to the Financial Services Compensation Scheme ("FSCS") are beyond our control. 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. FSCS costs increased from £0.8 million to £4.4 million this year. The FSCS levy is calculated and applied to companies on a formulaic basis to cover the costs of other defaulting regulated firms in the market and does not reflect any wrongdoing on our part. The amount raised under the scheme has been greatly increased this year and hence Hargreaves Lansdown's portion of this levy has increased accordingly.

TAXATION

The charge for taxation decreased in line with lower profits to £41.8 million from £47.1 million. The effective tax rate fell from 22.4% in 2014 to 21.0% in the current period due to the standard UK corporation tax rate falling from 23% to 20% since the start of the prior period, with the 2015 applicable rate being 20.75% (2014: 22.5%). In total, taxation of £0.7 million has also been credited directly to equity and relates to share-based payments.

The Group's policy on corporate taxes is to be transparent in our activities; we prefer not to engage in aggressive, artificial or sophisticated tax planning activities, and we actively engage with the UK tax authorities both on corporate taxes and tax issues affecting our clients.

EARNINGS PER SHARE (EPS)

The diluted EPS decreased by 3% from 34.2 pence to 33.1 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.

CAPITAL EXPENDITURE

Capital expenditure, primarily on IT hardware and software, totalled £5.5 million this year, compared with £7.6 million last year. It primarily relates to the cyclical replacement of hardware and the continuation of the project to enhance the capacity of our key administration systems. Last year included a significant investment in hardware which has not had to be repeated this year.

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 2015 an average of 102 staff (2014: 86) 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 will be depreciated over the useful economic life of the new system once implemented. In the year we capitalised £1.20 million of staff costs (2014: £1.04 million).

Dividend (pence per share)	2015	2014	Change
First interim dividend paid	**7.30p**	7.00p	+4%
Second interim dividend declared	**14.30p**	15.39p	-7%
Total ordinary dividend	**21.60p**	22.39p	-4%
Special dividend declared	**11.40p**	9.61p	+19%
Total dividend for the year	**33.0p**	32.0p	+3%

STATEMENT OF FINANCIAL POSITION AND CASH FLOW

The Group is soundly financed with a strong balance sheet. This is an important strength which in addition to being attractive to clients 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 107%.

Group cash balances totalled £216.8 million at the end of the year. The only significant cash outflows from profit have been the second interim ordinary and special dividends totalling £117.7 million paid in September 2014 and an interim dividend of £34.4 million paid in April 2015.

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital at 30 June 2015 was £237.1 million (2014: £228.3m) 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 and, as a Group, maintain significant headroom over the regulatory minimum. 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 £363.2 million (2014: £242.9 million) and £361.9 million (2014: £241.1 million) respectively.

DIVIDENDS

The Board remains committed to a progressive dividend policy, and has declared a second interim (final) ordinary dividend of 14.30 pence and a special dividend of 11.40 pence per ordinary share. These dividends will be paid on 30 September 2015 to all shareholders on the register at the close of business on 18 September 2015. This brings the total dividends in respect of the year to 33.0 pence per ordinary share (2014: 32.00p), an increase of 3%. This total ordinary dividend pay-out equates to 65% (2014: 65%) of post-tax profits, with a further 34% (2014: 28%) 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.

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

Simon Cleveland
Interim Chief Financial Officer
16 September 2015

PRINCIPAL RISKS AND UNCERTAINTIES

Like all businesses, the Group faces a number of potential risks which, if not properly controlled, could hinder the successful implementation of its strategy and have a material impact on the long-term performance. The Board believes that a successful risk management framework balances risk and reward. The Board has responsibility for risk management and internal control, further details of which can be found in the Corporate Governance statement.

Last year we specifically highlighted the risk and uncertainty relating to interest earned on cash deposits as a result of the FCAs Policy Statement PS14/9 setting out changes to the client assets sourcebook (CASS) which restricted the use of term deposits greater than 30 days for client money from 1 July 2014. As anticipated this created a significant revenue headwind in the year but as described in the Financial Review on page 22 since 20 April 2015 we transferred SIPP cash to a trustee arrangement which has served to mitigate much of the impact.

Also highlighted last year was the impact of the FCAs "platform rules" (Policy Statement PS13/1) resulting in a transition from commission income to platform fees that clients pay directly to us for our services. The rules were implemented on 1 March 2014. Transitional rules apply enabling us to continue to earn some commission on existing platform assets until 5 April 2016 after which any commissions received will be passed entirely on to the client. Where we still receive commission the vast majority is now passed back to our clients in the form of a significantly higher loyalty bonus. The impact of these rules mean there is a downward trend on the margin earned on funds held by clients from implementation on 1 March 2014 up to 6 April 2016 when we anticipate the margin earned will be 0.42%-0.43%.

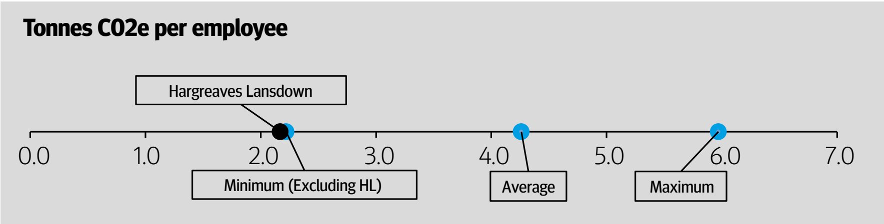
The following table summarises the principal risks and uncertainties that are inherent within both the Group's business model and the market in which we operate along with the high level controls and processes through which we aim to mitigate them. The risk factors mentioned below do not purport to be exhaustive as there may be additional risks that the Group has not yet identified or has deemed to be immaterial that could have a material adverse effect on the business. Any of the risks below could cause reputational damage if they materialise.

Risk	Mitigating Factors/Controls
Financial	
Fluctuations in the capital markets Fluctuations in capital markets may adversely affect trading activity and/or the value of the Group's assets under administration or management, from which we derive revenues.	• The Group model comprises high levels of both recurring platform revenue and transaction-based income • A high proportion of the assets under administration are held within tax-advantaged wrappers, meaning there is a lower risk of withdrawal • The Group model includes the ability to earn margin from cash management services when clients decide to shelter assets from market volatility
Liquidity Lack of sufficient, readily realisable financial resources to meet the Group's obligations as they fall due or lack of access to liquid funds on commercially viable terms could lead to inability to pay clients and regulatory breaches.	• Hargreaves Lansdown is a highly cash generative business with a low working capital requirement • The Group operates a strict Treasury management policy, overseen by the Treasury Committee, which maximises return on capital whilst providing the ability to access sufficient liquid funds at short notice should this be necessary
Bank default Given the current economic climate and in particular the unprecedented problems faced by banks, the Group must protect against the risk that a bank could fail.	• We manage this risk by placing deposits only with a range of highly credit-rated institutions, in accordance with the Treasury Policy and overseen by the Treasury Committee • The Treasury Committee monitors the counterparties' credit ratings on a regular basis
Interest rates Reduction in interest rates or regulatory changes affecting interest income could lead to a decline in earnings.	• The size and diversity of client cash balances we have gives us scope to develop alternative cash services which could alleviate margin pressure (see page 13).

Prudential risk The risk that the Group may hold insufficient regulatory capital resources in order to meet FCA Threshold Condition requirements.	• HL undertakes ongoing capital adequacy assessments to ensure that it maintains financial resources of sufficient scale and quality at all times. These assessments include risk-based stress testing to model the impact of extreme scenarios on the Group's own funds. This process is overseen by the Risk Committee on behalf of the Board.
Operational	
Cybercrime, fraud or security breaches in respect of the Group's information, data, software or information technology systems Failure to protect against cybercrime, fraud or security breaches could result in loss of data or inability to maintain our systems resulting in client detriment	• Accredited to version 3 of the Payment Card Industry standard • Dedicated Information Security and Fraud teams in place • Formal security policies and procedures in place with ongoing programme of monitoring to check adherence • All data securely stored and replicated across multiple sites and managed by HL staff • Programme of penetration and vulnerability testing in place • Security Operations team combined with third party real-time monitoring of network • Various external reviews undertaken of the IT environment • Advanced malware protection in place
Changing markets and increased competition The Group operates in a highly competitive environment and our continued profitability depends on having an appropriate strategy to respond to these pressures and trends and continue to provide a high standard of service to our clients.	• The Group has a strong market position with pricing power • Ability to react quickly due to having full control over our flexible in-house platform, with substantial development project teams in place • The Group is client-focused with an emphasis on client service and has a high level of client satisfaction • IT change management controls in place including, where appropriate, oversight by Group Strategy Board and steering committees • Regular market share and competitor analysis undertaken which enables us to be responsive to the needs of our clients
Disruption to business Physical business continuity event or catastrophic loss of systems, undiscovered systems errors or other external event could cause disruption to our business and result in inability to perform core business activities or reduction in client service.	• High level of resilience built into daily operations • Ongoing project to upgrade and enhance our IT operating platform • Business Continuity and Disaster Recovery plans in place and tested regularly • Separate business continuity/disaster recovery site available 24/7 • Dual hosting of all critical servers, telecommunications and applications • Large, experienced in-house team of IT professionals and established name suppliers • Monitoring of critical devices and systems in place
Outsourcing & Third Parties A provider of significant outsourced services may fail to meet appropriate standards or become unable to deliver agreed service, resulting in failure to deliver appropriate levels of service or meet regulatory expectations.	• Due diligence undertaken as part of selection process for key providers, with contracts in place for each • Alternative providers identified for contingency purposes • Programme of ongoing monitoring in place including annual Compliance visits
Key personnel Failure to recruit or retain appropriately skilled and experienced staff may have a material adverse effect on the Group's operations and implementation of its strategy.	• Career development path in place including talent management programme • Continuous programme of SAYE and share option schemes to incentivise staff and encourage retention • Contracts for relevant roles have restrictive covenants and enhanced notice periods are in place for key staff • Support and encouragement for taking relevant qualifications
Compliance	
Regulatory Failure to comply with current, new or revised regulations or failure to prevent inappropriate conduct by staff could result in fines, legal action or regulatory sanctions.	• Strong governance including Board oversight, independent Compliance, Compliance Monitoring and Internal Audit functions • Strong compliance culture geared towards FCA focus on consumer outcomes, supported by appropriate performance incentives • Formal policies and procedures that govern how we operate compliantly • Management Information to demonstrate compliance • Close interaction with the FCA on all regulatory changes • Professional Indemnity Insurance to mitigate losses • Independent risk management function

CORPORATE SOCIAL RESPONSIBILITY

At Hargreaves Lansdown, we want to make sure that our impact on society is a positive one. Our company values are rooted in providing great service at great value. We believe that doing the right thing makes great business sense. For more information visit our website at www.hl.co.uk/investor-relations/corporate-social-responsibility.



OUR CULTURE

We have worked hard to create what we believe to be a unique working culture at Hargreaves Lansdown.

Putting clients first: At Hargreaves Lansdown there is an embedded culture whereby the interests of clients are always put first and this is communicated to all employees in the business during their induction and throughout their careers. In practice this includes elements such as ensuring that:

- all product design and information is clear and understandable
- information and client support is available to clients after the point of sale
- appropriate complaints handling procedures are in place
- financial promotion and marketing practices are unbiased and appropriate for their audience

To ensure we are getting things right with clients, we listen to them about the changes they would like to see to our services and we encourage and actively seek feedback from clients. If clients ever feel the need to complain, our complaints handling team carefully investigates our client's complaint and endeavours to provide them with a fair resolution. We benchmark our performance in treating clients fairly against statistics published annually by the Financial Ombudsman Service for the industry. The results for the 2015 financial year compared to the last figures published by the Ombudsman show that Hargreaves Lansdown is achieving good results in treating our clients fairly.

Integrity: The Company prides itself on its integrity in dealing with clients and staff openly and honestly. This is achieved through our policy of putting clients first. All staff are trained and made fully aware of anti-money laundering procedures which must be adhered to at all times. The Company takes the views of its employees very seriously and as such operates a "Whistleblowing Policy" with any concerns raised about malpractice or wrongdoing within the workplace being treated with the utmost confidence and in full compliance with the Public Interest Disclosure Act.

Efficiency: We believe that costs require constant consideration and have built an ethos of employees continually asking themselves whether their actions are cost effective and efficient.

We are committed to managing the environmental impact of our operations, treating our employees well and maintaining a great culture and working environment. Our approach to corporate social responsibility includes these key elements:

Quality – We want to offer the best products and offer an excellent service, and are always looking for ways to improve

Sustainability – We work for the long-term, looking beyond immediate success

Integrity – We deal with people openly and honestly, building strong relationships

ENVIRONMENT

As a service business that does not own its business premises and is fundamentally based on intellectual capital, Hargreaves Lansdown has a limited direct impact on the environment. Nevertheless the Group continues to promote energy efficiency and the avoidance of waste throughout its operations.

Two years ago we commissioned a report to investigate our output of greenhouse gas emissions and reductive measures we could undertake (for more information visit www.hl.co.uk/csr). As part of this report Hargreaves Lansdown was compared to FTSE 100 companies in the same sector and this comparison has been updated in the chart above. The results demonstrate the relatively low impact our business has on the environment.

This low impact on the environment has not stopped us from enacting initiatives to continue reducing our environmental impact.

Environmental initiatives: Our objective of reducing waste and minimising the environmental impact of our business is aligned with our objectives of protecting client data, reducing costs, and improving efficiency. It is our aim to deal with clients and other businesses electronically wherever possible not only to speed up information transfer but also to reduce the amount of paper we use. We have invested heavily in providing a user-friendly, comprehensive website and automated links to banks and fund providers. The benefits will grow as more people and businesses choose to transact business and receive information online. We aim to increase the take-up of online and paperless services, and have been successful in doing this during the year.

Business travel and commuting: We do not provide company cars to managers or to our network of advisers. These advisers are spread throughout the UK which minimises travel time and carbon emissions. We provide a telephone advice service where a face-to-face meeting is not required. We also provide a secure bike park at our office enabling up to 150 staff to cycle to work.

Recycling: We continue to shred and recycle confidential waste and have arrangements for the collection of recyclable waste such as printer toner cartridges, cardboard, plastics, newspapers and out-of-date literature. We also continue to recycle redundant IT equipment through specialist third parties.

Electricity usage: Our electricity usage is not high enough to mean that we have to participate in Phase 2 of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is compulsory for UK organisations that consumed over 6,000 MWh of half-hourly metered electricity for the period 1 April 2012 to 31 March 2013. During that period we consumed well below that level and for the year ended 30 June 2015 we had consumed only 3,520 MWh (2014: 3,285 MWh).

Greenhouse gas emissions: In 2013 we engaged a consultant to assess our carbon emissions and benchmark us against other firms in our sector. The report was positive and reinforced our belief that we were already making good progress towards being resource efficient. For the year ending 2015 our use of refrigerant gases and fuel consumed per employee increased by 44% (2014: 10% fall) while our electricity use per employee remained flat (2014: 22% fall) compared to the previous year. The increase in electricity use was driven by the occupation of additional floor space, and additional computing power, in our head office.

	30 June 2015	30 June 2014	
Vantage clients registered as paperless	71%	65%	↑
Vantage equity deals placed online	97%	96%	↑
Clients registered to use our online services	88%	85%	↑

Methodology: We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 which fall within our consolidated financial statements. We do not have responsibility for any emission sources that are not included in our consolidated statement. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised) and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2015.

Hargreaves Lansdown has continued to be included in the FTSE4Good Index series, having been independently assessed according to the FTSE4Good criteria. The FTSE4Good index measures the performance of companies that meet globally recognised standards on corporate social responsibility.

FTSE4Good

Hargreaves Lansdown has continued to be included in the FTSE4Good Index series, having been independently assessed according to the FTSE4Good criteria. The FTSE4Good index measures the performance of companies that meet globally recognised standards on corporate social responsibility.

COMMUNITY

With the exceptions described below, we have made it company policy to focus our support and fundraising activities on one charity or non-profit organisation each year which is selected from suggestions received from employees within the Group. We do not make political donations. During 2015 the chosen charity was the "Youth Adventure Trust". Their vision is for vulnerable young people to fulfil their potential and to lead positive lives in the future. They achieve this by inspiring young people to reach their full potential, learn valuable life skills, build confidence and self-esteem, make a difference

Global GHG emissions data for period 1 July 2013 to 30 June 2015

Emissions from:	Tonnes of CO_2e Current reporting year 2014-2015	Tonnes of CO_2e Comparison year 2013-2014	Change (%)
Combustion of fuel and operation of facilities	354.2	214.8	+64.9
Electricity, heat, steam and cooling purchased for own use	1627.0	1623.7	+0.2
Tonnes of CO_2e per average full-time equivalent employee	2.18	2.32	-6.0

to their lives through a programme of outdoor activities and challenging experiences. As part of supporting this charity we sponsored the Brecons 10 Peaks Challenge, with many of our employees taking part as well as teams from other companies.

Charitable activity outside of our chosen charity for the year

- The Group supports a grass-roots sports club. A monthly donation is made to the Bristol & West Athletics Club which is the leading all-round athletics club in the South West of England.
- As in previous years we have continued to support the Bristol Children's Hospital Grand Appeal and we are proud sponsors of a Shaun the Sheep and have been actively raising awareness of the appeal.

The Group also makes significant tax payments which help society as a whole. Corporation tax and employer's national insurance paid in respect of the year ended 30 June 2015 was £46.4 million (2014: £52.5 million). In addition other taxes such as VAT, stamp duty and business rates paid.

Campaigning: The Company also actively seeks to lobby via public consultation documents where they believe that investors in the UK will benefit.

The artist Julie Vernon with the 'Shaun the Sheep' she designed, outside the Hargreaves Lansdown office

OUR PEOPLE

We are committed to recruiting and retaining talented people who put our clients at the heart of our business.

	2015		2014	
	Male	Female	Male	Female
Company Directors[1]	5 (83%)	1 (17%)	6 (75%)	2 (25%)
Other senior management[2]	21 (91%)	2 (9%)	23 (85%)	4 (15%)
Total employees	685 (71%)	285 (29%)	578 (68%)	266 (32%)
	Total workforce = 970 As at 30 June 2015		**Total workforce = 844** As at 30 June 2014	

Notes:
1. Company Directors consists of the Company's Board as detailed on page 36 to 37.
2. Other senior management is defined as an employee who has responsibility for planning, direction or controlling the activities of the company, or a strategically significant part of the company, other than the Company Directors.

Employment and diversity: Hargreaves Lansdown proudly fosters a working environment that wholly supports the principals of diversity and equality and is committed to ensuring that everyone is treated with dignity and respect. We are an equal opportunities employer and it is our policy to ensure that all job applicants and employees are treated fairly and on merit without discrimination to ensure the Group attracts, retains and promotes the best available talent. The table above shows the gender split at different levels within the organisation as at 30 June 2015:

Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary. A full assessment of any disabled employee's needs is undertaken and reasonable adjustments are made to the work environment or practices in order to assist them.

Hargreaves Lansdown is committed to providing a safe and healthy environment in which its employees can work. We engage Health and Safety experts on an ongoing basis to ensure that standards are maintained, and the Health and Safety policy is made available to all staff via our intranet.

Identifying, attracting and recruiting top talent: We focus on attracting, recruiting, developing and retaining a diverse range of high calibre people, who are motivated to deliver exceptional levels of client service. Our success is driven by their commitment to the business, coupled with their energy and willingness to build new capabilities. This has been a primary driver for new talent initiatives this year.

We recruit a wide range of individuals including school leavers and graduates, with an emphasis on internal development and promotion within the business to fill available vacancies. We continue to grow our youth employment, internship and graduate programmes as we believe this demonstrates our commitment to opportunities for young talented people and builds loyalty to Hargreaves Lansdown.

Clear succession planning: Clearly defined succession plans are integral to future business success and Hargreaves Lansdown takes steps to identify high potential criteria and equip staff with the right blend of experience and capabilities to prepare them for the future needs of our business.

Hargreaves Lansdown
Career Development Path

Building careers and new capabilities: During the year a competency based "Career Development Path" has been implemented, clearly showing performance expectations.

The Career Development Path has been accompanied by a new Learning Management System - 'My HL Career' where employees can access courses delivered via a digital platform which can be downloaded at work or taken elsewhere via their pc, smartphone or mobile device. 'My HL Career' has been launched with over 50 courses covering a wide range of personal, management, leadership and compliance titles. Furthermore employees can track their progress and view internal vacancies or opportunities as they become available.

Professional development continues to be actively encouraged and many of our employees embark on professional qualifications to further their knowledge and careers within the Company. During the year over a quarter of our employees have studied for professional exams across a range of pertinent areas of professional expertise.

Each year we offer a number of university students the opportunity to work in positions throughout the business during their professional placement year. A number of these students have subsequently returned to Hargreaves Lansdown in a full time capacity.

An engaged, positive team: It is crucial that our people understand our priorities and are engaged in the development of our business. Hargreaves Lansdown actively encourages employee involvement and consultation and places emphasis on keeping its employees informed of the Company's activities, macroeconomic conditions, regulatory issues and financial performance by such means as six-monthly presentations given by the CEO, the employee intranet and publication to all staff of relevant information and corporate announcements. As well as the regular calendar of employee communication we conduct an annual employee satisfaction survey which this year received a strong response of 82%, significantly higher than the financial services benchmark of 73%. The results showed strong employee engagement and led to new initiatives to further engage our people. We have enhanced our employee benefits to include improved maternity and paternity arrangements, introduced a free employee assistance programme and sabbaticals to recognise long service. We have focused on enhancing communication by launching an internal magazine to share business and employee news and have built our community spirit through social, sports and charitable activities.

Competitive pay: Rewarding employees for their contribution and performance is key to ensuring that we retain talented staff and to fostering a positive culture whereby staff are proud to work here. Further information on how we set remuneration packages is provided in the Directors Remuneration Report.

The Board believes the use of share schemes best aligns staff interests with those of our shareholders. During April 2015 we granted new options under a SAYE scheme and now have 67.4% of eligible staff participating in one or more equity schemes. Many of our employees also receive an annual bonus related to the overall performance of the Group and their own individual contribution.

Human rights: As a UK based organisation with clients and employees located within the UK we have not provided further information about any policies of the company in relation to human rights issues since it is not considered necessary for an understanding of the development, performance or position of the Group's business activities.

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GOVERNANCE OVERVIEW FROM THE CHAIRMAN

Hargreaves Lansdown is committed to high standards of Corporate Governance, as befits a FTSE 100 company entrusted with looking after the investments of its valued clients. This section of the Report and Financial Statements provides an insight into the governance of the Company.

Michael Evans
Chairman

The Group complies with the UK Corporate Governance Code ('the Code'). The statement of compliance can be found on page 36. Key areas of note are the disclosures surrounding the support that the Audit Committee has provided to the Board in making the statement that the Report and Financial Statements when taken as a whole are fair, balanced and understandable, and the further disclosures on the Audit Committee's role in the appointment and interaction with the external auditor.

BOARD

We are in the process of strengthening our Board following the resignations during the year of Peter Hargreaves and Tracey Taylor, and of Dharmash Mistry subsequent to the year end. We have appointed a new Chief Financial Officer, Chris Hill, and a new non-executive director, both subject to Regulatory Approval; details of the process involved can be found on page 37.

During the year, we strengthened our governance framework with the creation of a Board level Risk Committee.

STRATEGY

As a Board, we set strategic direction, define risk appetite and provide oversight of the day-to-day running of the business. As Chairman, I seek to ensure that adequate time is set aside at Board meetings for the discussion and debate of proposed strategic initiatives and direction. Once a decision is reached, management are responsible for executing that decision with the Board's ongoing oversight and support.

PEOPLE

Within the Group we want to ensure that we have the right talent, and the right balance and diversity of expertise, skills, background, gender and perspectives. We set out on page 31 improvements we have made through the introduction of our Career Development Path and our Learning Management System. It is also vital that we have on the Board sufficient diversity, and also independence of thought and action. All Board appointments are made on merit, while at the same time considering the diversity required for an effective Board, including diversity of skills, experience, background and gender. Details of our diversity policy can be found on page 31, and a copy of our full statement on Board Diversity can be found on www.hl.co.uk.

WORKING EFFECTIVELY

As Chairman my prime responsibility is to ensure that the Board is operating effectively and focusing its time, attention and efforts on the right matters. Each year the Board undertakes a formal evaluation of its own effectiveness, and this year the Board Effectiveness Review was externally facilitated. More details can be found on page 38.

Michael Evans
Chairman
16 September 2015

BOARD OF DIRECTORS

MICHAEL EVANS, FIA
CHAIRMAN

APPOINTED CHAIRMAN IN DECEMBER 2009

Chairman of the Nomination Committee and the Risk Committee, member of the Remuneration Committee

Michael became a Non-Executive Director of the Company in September 2006 and was appointed Non-Executive Chairman on 1 December 2009. Michael is a qualified actuary with over 30 years' industry experience. He is also Non-Executive Chairman of Zoopla Property Group plc and a Non-Executive Director of Chesnara plc. Michael was formerly Chief Operating Officer at Skandia UK Limited.

IAN GORHAM, ACA
CHIEF EXECUTIVE OFFICER

APPOINTED CEO IN SEPTEMBER 2010

Ian joined Hargreaves Lansdown in 2009 as Chief Operating Officer. Previously he qualified as a Chartered Accountant and worked for Deloitte where he helped build their UK financial services operations and was Head of Grant Thornton's UK financial services business. Ian has worked with many financial services companies on a wide range of strategic and operational matters. Ian holds no external Director appointments.

CHRIS BARLING, BSC
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTED NON-EXECUTIVE DIRECTOR IN AUGUST 2010

Chairman of the Remuneration Committee and member of the Audit Committee, Risk Committee and Nomination Committee

Chris has over 35 years' IT industry experience and formerly held senior IT roles in Cable & Wireless and Reuters. He is the co-founder of Actinic, the software company specialising in ecommerce solutions for SMEs. Actinic went public on the London Stock Exchange in May 2000. He is also co-author of a well respected book on online business. He is a director of User Replay Limited and Powered Now Ltd.

DHARMASH MISTRY, BA (OXON), MENG
NON-EXECUTIVE DIRECTOR

APPOINTED NON-EXECUTIVE DIRECTOR IN OCTOBER 2011

Member of the Audit Committee, Nomination Committee and Remuneration Committee

Dharmash is a former partner at Balderton Capital LLC, one of Europe's leading venture capital firms. He has previously served on the Board of Dixons Retail plc and Lovefilm (AMZN) and was Group Managing Director of Emap Consumer Media. He started his career as a Brand Manager at Procter and Gamble, followed by a period at The Boston Consulting group.
Dharmash stepped down from the Board on 31 August 2015.

STEPHEN ROBERTSON, BSC, FRSA
NON-EXECUTIVE DIRECTOR

APPOINTED NON-EXECUTIVE DIRECTOR IN OCTOBER 2011.

Member of the Audit Committee, Risk Committee and Nomination Committee

Stephen is a Non-Executive Director of Timpson Group plc and Clipper Logistics plc, is Chairman of Business West and serves on the advisory Boards of Legend Exhibitions and Retail Week. Stephen's career has spanned over 15 years on the Boards of major UK retailers building on earlier management roles with Mars Inc, Unilever and Alberto-Culver. Stephen served for seven years as Marketing Director at B&Q plc before leading the acquisition of Screwfix Direct which he then chaired. He went on to become Director of Communications at Kingfisher plc, followed by three years at Woolworth plc. He is a former Chairman, and now fellow of the Marketing Society, and is former Director General of the British Retail Consortium (BRC).

SHIRLEY GARROOD, BSC, ACA
NON-EXECUTIVE DIRECTOR

APPOINTED NON-EXECUTIVE DIRECTOR IN OCTOBER 2013.

Chairman of the Audit Committee and member of the Nomination Committee, Risk Committee and Remuneration Committee

Shirley was Chief Financial Officer of Henderson Group Plc from 2009 to June 2013, and prior to that, she had been Chief Operating Officer since 2001. She trained as an accountant with KPMG and is also a Corporate Treasurer. Shirley is currently also a Non-Executive Director and Deputy Chairman of esure Group Plc and joined the Peabody Trust Board in 2013.

CORPORATE GOVERNANCE REPORT

Statement of compliance with the UK Corporate Governance Code

We support the UK Corporate Governance Code published by the Financial Reporting Council (the 'Code'). We confirm that the Group complied with all of the provisions of the Code throughout the year ended 30 June 2015 and can confirm that the Board believes the Annual Report and Financial Statements for 2015 taken as a whole, are fair, balanced, understandable and provide the information necessary for shareholders to assess our performance, business model and strategy.

Further explanation of how the main principles and supporting principles of the Code have been applied is set out in this Corporate Governance statement and in the Directors' Remuneration Report. A copy of the Code is publicly available on the Financial Reporting Council's website at www.frc.org.uk.

The Company's auditor, PwC, is required to review whether the above statement reflects the Company's compliance with the provisions of the UK Corporate Governance Code specified for its review by the Listing Rules and to report if it does not reflect such compliance; no such report has been made.

The Board

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board has overall responsibility for the management and performance of the Group. It sets the strategic direction of the Group, monitors performance, determines the appropriate risk appetite, and ensures that sufficient resources in talent and capital are in place to achieve the objectives set and ensures solid succession planning for senior management. It ensures that risk, regulatory and compliance management within the Group are effective. The Board reviews performance, including that of the senior management and senior executives. The Board is also responsible for engaging with shareholders. It is the decision-making body for all other matters deemed material to the Group in strategic, financial and reputational terms.

The Executive Directors are directly responsible for running the business operations. The Non-Executive Directors are responsible for constructively challenging proposals on strategy, scrutinising the performance of management, determining levels of remuneration and for succession planning. The Non-Executive Directors must also satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust.

The Directors are also responsible for ensuring that obligations to shareholders and other stakeholders are understood and met, and that a satisfactory dialogue with shareholders is maintained. All Directors are equally accountable to our shareholders for the proper stewardship of our affairs and the success of the Company.

Except for a formal schedule of matters reserved for decision by the Board, the Board has delegated the day-to-day management of the Group to the Chief Executive who is supported by the Executive Committee and senior management. The Chief Executive and Executive Directors of the Group are responsible to the Board for developing strategy and the profitability and overall performance of the Group.

There is a documented schedule of matters which are reserved for Board decision and approval. These matters are significant to the Group as a whole due to their strategic, financial or reputational implications, and include, but are not limited to, the agreement of strategies, recommendation of dividends, approval of acquisitions and major capital expenditure. In addition, it is only the Board which can appoint and remove Directors and our Company Secretary. The Board also has overall responsibility for the Group's system of internal controls and risk management. Risk management arrangements are described below.

GOVERNANCE FRAMEWORK

The Group operates within a clear governance framework which is set out in the report that follows. The Group's internal control and risk management framework is described below in the Internal Controls section.

Certain responsibilities of the Board are delegated to the Board Committees to assist the Board in carrying out its functions and to ensure independent oversight of internal control and risk management. Other non-board committees form part of the Corporate Governance framework, but are not formally appointed committees of the Board. These committees feed back to the main Board and Board Committees via an Executive Director where appropriate.

BOARD SIZE, COMPOSITION AND CHANGES DURING THE YEAR

As at 30 June 2015 there were six Directors on the Board: the Chairman, four independent Non-Executive Directors, and one Executive Director. The size and composition of the Board is regularly reviewed by the Board and, in particular the Nominations Committee, to ensure that there is an appropriate and diverse mix of skills and experience.

During the year, the following changes were made:

Tracey Taylor stood down from the Board as Chief Financial Officer on 5 December 2014; and Peter Hargreaves stood down from the Board as Executive Director on 14 April 2015.

Simon Cleveland, a partner in Deloitte LLP, was contracted as Interim CFO until the new permanent CFO, Chris Hill, joins the Group in 2016, subject to Regulatory Approval. Simon Cleveland does not serve on the Board of Directors.

After the year end, the Group announced that Dharmash Mistry would step down from the Board on 31 August 2015 and a new non-executive director had been selected, subject to Regulatory Approval, who is expected to join the Board immediately after the AGM in October.

Details on our Board members, including other directorships, are on pages 34 and 35.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Code sets out the circumstances that should be relevant to the Board in determining whether each Non-Executive Director is independent. We have given due regard to provision B.1.1 of the UK Corporate Governance Code and the Board has concluded that Dharmash Mistry, Stephen Robertson, Chris Barling and Shirley Garrood were independent directors throughout the financial year. Michael Evans was independent on appointment as Chairman. Chris Barling is currently the Senior Independent Non-Executive Director.

DIVERSITY

When assessing new appointments to our Board, we review carefully the combined skills and experience of the existing Board members to determine what characteristics we are looking for from a new director. Each member of the Hargreaves Lansdown Board must have the skills, experience and character that will enable each director to contribute both individually, and as part of the team, to the effectiveness of the Board and the success of the Company. We believe that diversity amongst Board members is of great value but that diversity is a far wider subject than just gender. We will give careful consideration to issues of overall Board balance and diversity in making new appointments to the Board.

As at 30 June 2015, the Board numbers six in total, of which one is executive and five independent (including the Chairman). Female directors constitute 17% of the Board and 10% of the Executive Committee. Subject to the requirements set out above, Hargreaves Lansdown will aim to maintain female representation on the Board at least at the current level and give due consideration to increasing the level if appropriate candidates are available when Board vacancies arise.

A copy of our full statement on Board Diversity can be found on www.hl.co.uk.

THE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE

The roles of the Chairman and Chief Executive are clearly defined, separate and approved by the Board.

The Chairman is responsible for the operation, leadership and governance of the Board, ensuring its effectiveness and setting its agenda. In conjunction with the Chief Executive and Company Secretary, the Chairman plans agenda items and timings for Board meetings. The Chairman ensures that the membership of the Board is appropriate to the needs of the business and that Board Committees carry out their duties, including reporting back to the Board.

The Chief Executive has executive responsibilities for the operations, results and strategic development of the Group. He is responsible for the delivery of strategy and leads the executive management team.

BOARD SUPPORT

The Company Secretary is responsible to the Board for ensuring Board procedures are followed, applicable rules and regulations are complied with and that the Board is advised on governance and relevant regulatory matters. All Directors have access to the services of the Company Secretary. In order for Directors to fulfil their duties they can also seek independent professional advice, at the Company's expense.

BOARD MEETINGS

The Board convenes at least four times each financial year and the Board convened eleven times in the last financial year. Four of these were physical meetings and seven were conference calls.

Physical meetings are held in such a way as to encourage robust and constructive challenge and debate which enables the Non-Executive Directors to use their knowledge and experience to critically review strategies proposed by management. This approach ensures that we act in the long-term best interests of our shareholders.

Between Board meetings, Directors are also provided with monthly information packs which include detailed commentary and analysis. To ensure that Directors are as fully informed as possible, minutes are circulated from each Committee, including the Executive Committee, and each Board meeting includes a report from the Committee Chairmen as appropriate. The Chairman and Non-Executive Directors have also held meetings separate to those with the Executive Directors, including meeting with the external auditor and the Head of Internal Audit.

DIRECTORS

Under the existing Articles of Association all directors have to submit themselves for re-election annually if they wish to continue serving and are considered by the Board to be eligible. Other than Dharmash Mistry, who stood down on 31 August 2015, all other current directors wish to be re-elected and the Board confirms that all individual performance reviews demonstrated that the directors continue to demonstrate effective performance and commitment to their roles.

TRAINING

Our Chairman is responsible for preparing and implementing a personalised induction programme for all new Directors, to include guidance as to their duties, responsibilities and liabilities as a director of the Company. We believe that the best way to learn about a business is to spend time within it, and we encourage new Directors to spend time with our senior managers and executives in a number of business areas and to receive demonstrations of key operations and systems where relevant.

Every Director has access to appropriate training throughout their appointment as director and we regularly assess the requirement for director training as part of each Director's annual appraisal.

Our overall objective is to maintain and enhance professional standards for all our employees. We believe that these standards are particularly important for all staff who fall under the scope of the FCA Training and Competence rules. All staff under the scope of these rules are required to perform certain training annually.

We have also introduced an E-learning platform for all staff, and a talent development programme for senior management. Further details are available on page 31.

BOARD EFFECTIVENESS AND PERFORMANCE EVALUATION

During the course of the year, the Board has made good progress against its agreed actions arising out of the 2014 Board review. Specifically it has achieved greater strategic focus, improved the quality, timeliness and method of delivery of Board information, and created a new Risk Committee.

For its review in 2015, the Board carried out an externally facilitated Board effectiveness review. The review was carried out by Independent Audit Limited, and covered the effectiveness of the Board as a whole, its individual Directors and its Committees. One to one discussions were held with the Chairman, the Non-Executive Directors, the Chief Executive, a number of subsidiary company directors and the Company Secretary. The reviewer observed the Board and Committee meetings in April. All Directors were given the opportunity to provide comments on the draft report. The effectiveness review was discussed and approved at the Board meeting on 1 July 2015.

A number of recommendations have been made and these will be implemented over the course of the next year. These include an increase in the frequency of Board meetings and the time allotted for the formal Board cycle, introduction of a rolling twelve month agenda, and an increase in the engagement of the Non-Executive Directors with management outside of Board meetings. An internal review will be carried out in six months' time to ensure that progress is maintained.

Individual appraisal of each Executive Director's performance is undertaken by either the Chief Executive or Chairman each year and involves meetings with each director on a one-to-one basis. The Non-Executive Directors, led by the Senior Independent Director, carry out an appraisal of the performance of the Chairman. The Chief Executive's performance was evaluated by the Chairman with input from the rest of the Board.

OTHER INFORMATION

Certain additional information in relation to the Company's share capital, the powers of directors and amendments to the Articles of Association that is required to be disclosed pursuant to DTR 7.2.6 may be found in the Directors Report on pages 63 to 65.

Board committees

This section of the report sets out how the Board and its Committees work within the Group's governance framework and corporate governance guidelines.

The Board is authorised to manage the business of the Company in accordance with the Company's Articles of Association. The Articles of Association may be amended by special resolution of shareholders, unless the Articles specify otherwise. Certain responsibilities of the Board are delegated to the Board Committees to assist the Board in carrying out its functions and to ensure independent oversight of internal control and risk management. The three principal Board Committees (Audit, Remuneration, and Nomination) play an essential role in supporting the Board in fulfilling its responsibilities. The Risk Committee became a formally appointed committee of the Board from October 2014. The Chairman of each Committee reports to the Board. The minutes of each Board Committee meeting are circulated to the attendees.

The Board Committees all have formal terms of reference that have been approved by the Board, and performance of the Committees is assessed annually by the Board. Each Committee's terms of reference sets out the specific matters for which delegated authority has been given by the Board. These terms of reference are reviewed annually and the terms of reference of the Audit, Remuneration, Nomination and Risk Committee are available on the Group's website (www.hl.co.uk/investor-relations). A summary of the terms of reference for each committee is included in the committee summaries below.

AUDIT COMMITTEE

Details of the composition and work of the Audit Committee are provided in the Audit Committee Report on pages 44 to 46.

REMUNERATION COMMITTEE

Details of the composition and work of the Remuneration Committee are provided in the Directors Remuneration Report on pages 47 to 62.

RISK COMMITTEE

The Risk Committee is responsible for advising the Board on overall risk appetite, tolerance and strategy and for assessing the risk management processes embedded within the business. It oversees and feeds back to the Board on current risk exposures, and is responsible for reviewing and recommending to the Board the Group's Internal Capital Adequacy Assessment Process ("ICAAP").

The Committee also reports back to the Board on the management of the major risks facing the Group as assessed against the Group's Risk Appetite. Further information about the Key Risks facing the Group are on pages 26 to 27.

From 1 October 2014, the Risk Committee became a formal Board Committee. Until this date, the Risk Committee was chaired by the Chief Operating Officer and also comprised the Chief Executive, Chief Risk Officer, IT Director, Operations Director, Marketing Director and a Non-Executive Director.

From 1 October 2014, the Committee is chaired by Michael Evans, and comprises Shirley Garrood, Chris Barling and Stephen Robertson. The subsidiary directors are invited to attend as necessary.

The Risk Committee meets at least four times each year and the Committee met four times during this year. The attendance by each director, since the date the Committee became a formal Board Committee, is set out in the table on page 40. During the year, the Committee reviewed and approved its terms of reference, considered the appropriateness of the risk framework, reviewed the risk appetite, and challenged and approved the ICAAP for recommendation to the Board. At each meeting, the Executive Risk Register was reviewed, emerging risks deliberated, incident reporting discussed and emerging themes considered. Appropriate focus was given to cyber and fraud detection, the annual report from the MLRO was approved as was a report on conflicts of interest and prevention of bribery.

NOMINATION COMMITTEE

The Nomination Committee leads the process for Board appointments, re-election and succession of directors and the Chairman. It is responsible for making recommendations to the Board concerning the composition and skills of the Board including proposed appointees to the Board and the membership of the Committees. The Committee is chaired by Michael Evans and the Committee's other members at 30 June 2015 were Chris Barling, Dharmash Mistry, Shirley Garrood and Stephen Robertson.

The Nomination Committee meets at least twice each year and the Committee met three times during this year. The attendance by each director is set out in the table on page 40.

We have a formal, rigorous and transparent procedure for the appointment of new directors to the Board. The process involves the Nomination Committee interviewing suitable candidates who are proposed by existing Board members, by an external search company, or via searches performed by the Company itself. Consideration will be given to ensure appointees have enough time available to devote to the role and that the balance of skills, knowledge and experience on the Board will be maintained. When the Committee has found a suitable candidate, the Chairman of the Committee will make a proposal to the whole Board and the appointment is the responsibility of the whole Board following recommendation from the Committee.

During the year the Committee engaged an external search company to lead the search for a new Chief Financial Officer. After the year end, the Group announced the appointment of Chris Hill, subject to Regulatory Approval, who is expected to join the Group in early 2016.

During the year the Committee initiated a search for a new Non-Executive Director who would be capable of becoming Chair of the Investment Committee. The Committee utilised the Group's extensive links with the Investment community to generate a long list of potential candidates. The selected candidate, subject to Regulatory Approval, is expected to join the Board immediately after the AGM.

The Committee has reviewed the succession plans for the senior management team and considered individuals with the potential to take on management positions in the future. The Board continues to keep the organisation structure under review and succession will form part of these discussions.

Other committees

These committees form part of the Corporate Governance framework, but are not formally appointed Non-Executive committees of the Board. The main Committees are the Executive Committee, the Investment Committee, and the Treasury Committee:

EXECUTIVE COMMITTEE

The Board has delegated full authority to the Executive Committee subject to a list of matters which are reserved for decision by the full Board only. In particular, the Executive Committee is responsible to the Chief Executive for developing and monitoring every aspect of the Group's business on a continuing basis, for developing and implementing business strategy as agreed by the Board and ensuring that day-to-day operations are conducted in accordance with the relevant regulatory and statutory requirements. The Executive Committee meets at least quarterly but more frequently when required, and met five times during the current financial year. The attendance by each director is set out in the table on page 40.

The Executive Committee is chaired by the Chief Executive, Ian Gorham, and in his absence by Ian Hunter. During the year the committee also comprised the following:

- Peter Hargreaves – Executive Director (stood down 14th April 2015)
- Tracey Taylor – Chief Financial Officer (stood down 5th December 2014)
- Nigel Bence – Chief Operating Officer (stood down 5th December 2014)
- David Davies – Chief Information Officer
- Nick Marson – Operations Director (stood down 7th September)
- Ian Hunter – Marketing Director
- Vikki Williams – Chief Operating Officer (appointed 1st June 2015)

Michael Evans, Mark Dampier, Lee Gardhouse, Stuart Louden, Rob Byett and Chris Worle are invited to attend the Executive Committee. From 1 July 2015, Mark Dampier,

GOVERNANCE

Lee Gardhouse, Stuart Louden, Rob Byett and Chris Worle were all appointed members of the Executive Committee. Biographies of the above are available on our website: www.hl.co.uk/investor-relations.

INVESTMENT COMMITTEE

The Investment Committee is responsible for monitoring the investments held within the HL Multi-Manager funds. It is also responsible for ensuring that there are no conflicts of interest between the HL Multi-Manager funds and clients investing with the Group on an execution only basis. The Investment Committee meets at least four times a year and met four times during this year. From 1 July 2015, the Investment Committee formally reports to the PLC Board, and will in due course be chaired by an independent Non-Executive Director.

TREASURY COMMITTEE

The Treasury Committee recommends and oversees changes to the treasury management policy.

We also have an Interest Rate Committee, CASS Oversight Committee and three Project Boards.

Attendance at meetings during the year by members of the Board and each committee

	Board Meetings *	Board calls *	Audit Committee	Remuneration Committee	Nomination Committee	Executive Committee	Risk Committee **
Directors							
Ian Gorham	4/4	7/7	-	-	-	5/5	-
Peter Hargreaves (1)	3/3	3/6	-	-	-	3/5	-
Tracey Taylor (2)	2/2	3/4	-	-	-	2/3	-
Michael Evans	4/4	7/7	-	9/9	3/3	-	3/3
Chris Barling	4/4	5/7	5/5	9/9	3/3	-	3/3
Dharmash Mistry	4/4	4/7	5/5	7/9	3/3	-	-
Stephen Robertson	4/4	4/7	5/5	-	3/3	-	3/3
Shirley Garrood	4/4	6/7	5/5	7/9	3/3	-	3/3
Executive Committee							
Nigel Bence (3)	-	-	-	-	-	2/3	-
Nick Marson	-	-	-	-	-	4/5	-
Ian Hunter	-	-	-	-	-	5/5	-
David Davies	-	-	-	-	-	4/5	-

* Where Board meetings have been held for a specific purpose to discuss matters at short notice, all Board members are sent papers and given the opportunity to comment by telephone or email if they are unable to attend at short notice. In addition to the four scheduled Board meetings during the year, seven additional Board calls were held as updates or to deal with specific matters between the formal Board meetings.
** Represents the number of meetings held since 1 October 2014, at which date the Risk Committee became a formal Board Committee.
(1) Attendance represents number of meetings prior to stepping down in April 2015.
(2) Attendance represents number of meetings prior to stepping down in December 2014.
(3) Attendance represents number of meetings prior to stepping down in December 2014.

Relations with shareholders

We are committed to maintaining good communications with our shareholders. We have a programme of communication with shareholders based on our financial reporting calendar including the interim and annual reports, Interim Management Statements, the Annual General Meeting (AGM) and the Investor Relations section of the corporate website at www.hl.co.uk.

In addition to this, the Chief Executive and Chief Financial Officer meet with institutional investors after results announcements and upon request on an ad hoc basis during the year. They, together with the Company Secretary and Head of Investor Relations, also provide a point of contact for investors who wish to raise questions, queries or concerns. Chris Barling, our Senior Independent Non-Executive Director, is also available to meet key investors.

Following dialogue with individual institutional shareholders, the Chairman, Chief Executive and the Chief Financial Officer ensured the Board was fully briefed on shareholders' views such that any issues or concerns were fully understood and considered by the Board. Analyst and broker briefings are regularly provided to the Board. In addition, the Group's brokers sought feedback from investors following the 2014 final and 2015 interim results, and this feedback was reported to the Board.

All Directors made themselves available to meet shareholders at our AGM and they value the opportunity of welcoming individual shareholders and other investors to communicate directly and address their questions.

To ensure compliance with the Code, at all general meetings separate resolutions are proposed on each discrete subject. Resolutions have been passed on a show of hands, and proxy votes for, against and withheld for each resolution are displayed at the meeting. Where the resolutions were to appoint or re-appoint directors, the votes were shown with and without the votes of the controlling shareholder (Peter Hargreaves). There is a Relationship Agreement in place between Peter Hargreaves and the Company to ensure that the independence provisions as set out in the Listing Rules are complied with. The terms of the agreement have been fully complied with. Following the AGM, the results of voting are published through a Regulatory Information Service and on our website.

Internal controls

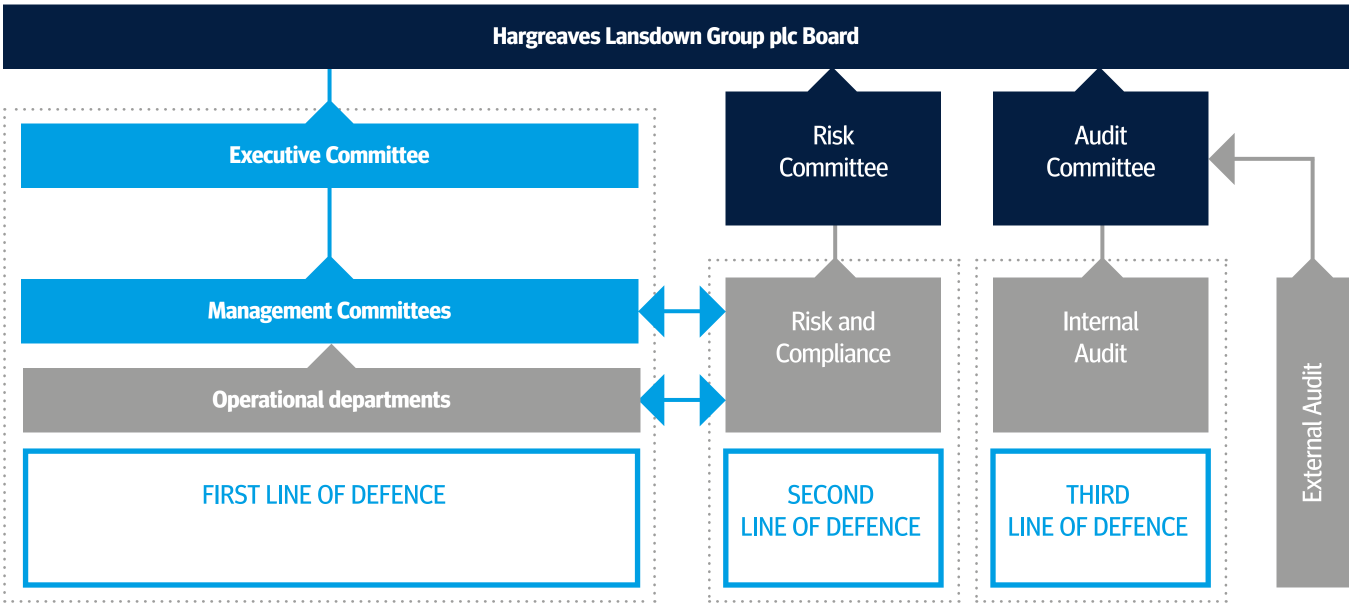
INTERNAL CONTROL FRAMEWORK

The Board is responsible for the effectiveness of the Group's systems of internal control and risk management, the key features of which are outlined in the following chart and detailed below.

Through the monitoring processes set out below, the Board has conducted a review of the effectiveness of the system of internal control during the year ended 30 June 2015 and until the date of approval of this Report and Financial Statements.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It provides reasonable but not absolute assurance as to the effectiveness of the safeguards protecting the business against the risk of material error, loss or fraud. In that context, the review, in the opinion of the Board, did not indicate that the system was ineffective or unsatisfactory and the Board is not aware of any change to this status up to the date of approval of this Annual Report. However, in acknowledgement that the business and the risks it faces are continually evolving and as part of a process of continuous improvement, steps are being taken to further embed internal controls and risk management into business operations.

Key features of the internal control framework



TERMS OF REFERENCE

The Board operates within clearly defined terms of reference, and it reserves certain matters for its own consideration and decision. It has established appropriate committees to oversee control activities. These committees also have clearly defined terms of reference. The Board and Committee processes are fundamental to the effectiveness of our internal controls.

ORGANISATIONAL STRUCTURE AND POLICIES

The Board regularly reviews the Group's organisational structure to seek to ensure that clearly defined lines of responsibility exist, with appropriate delegation of authority. Roles and responsibilities are clearly communicated to each member of staff within their 'Apportionment Forms'. These forms are reviewed annually and updated if necessary.

The Board regularly reviews the Group's policies which are in place to manage the Group's exposure to risks, such as treasury, interest rate risk and counterparty risk. Our public interest disclosure (whistleblowing) policy encourages employees to raise concerns about anything that they suspect is fraudulent, corrupt, dangerous or seriously wrong. They can raise concerns on a confidential basis, enabling proportionate and independent investigation to be undertaken. We thoroughly investigate any allegations of misconduct and irregularity and consider the implications for our control environment.

Due to the nature of our business, we are subject to attempted external fraud on a regular basis. Strict processes and controls mean that we are able to identify attacks and deal with them appropriately on a timely basis. We are continually looking at ways of making our clients' transactions with us more secure and have dedicated resource within the business whose focus is on managing fraud risk. We also employ external consultants to test our defences and to minimise fraud risk.

GROUP RISK STRATEGY

The Group Risk Strategy requires senior managers to identify, evaluate and manage risks in their business units. Risk registers are kept at department level and regular meetings are held between department managers and members of the Risk team to ensure that risk management remains high on the agenda of the business. Target dates for resolution of issues are continually monitored. A summary of significant risks is provided within the Business Review.

Risk management processes within the Group accord with the 'Internal Control: Guidance to Directors' (formerly the Turnbull guidance), and are supported by reports from the Internal Audit function which include focus on significant risks faced by the Group.

MANAGEMENT INFORMATION

Detailed packs of key information are circulated monthly to our senior management team and Non-Executive Directors. Our business performance is monitored closely by the Board and senior management, in particular monitoring of:

- progress towards strategic objectives;
- financial performance, within a framework including forecasting, financial reporting, reviewing variances against plan and prior year and taking appropriate management action; and
- risk management processes.

RISK COMMITTEE

The Risk Committee reports to the Board on the management of the major risks and emerging risks facing the Group as assessed against the Group's Risk Appetite.

REMUNERATION POLICY

Risk management is embedded into the Apportionment Forms of every employee and awareness and mitigation of the risks faced by the Company are key factors used to evaluate individual performance. This policy creates an environment which ensures excessive risk taking is not rewarded. We believe that nothing will better encourage employees to look after the long-term future of the Group than being shareholders themselves, and so staff have the opportunity to invest in regular Save As You Earn share schemes and exceptional performance by key employees and senior managers will be rewarded with the grant of executive share awards.

OUR VALUES AND CULTURE

Any system of internal control is dependent on the people operating it. 'Our Culture' defines what we expect from our people. We pride ourselves on the culture which exists within the Company. We have a 'one-firm' mentality which helps everyone take responsibility for the whole of the business. We have a saying "success comes from putting the client first, Hargreaves Lansdown second and your department third." This engenders service levels which many other companies can only aspire to and ensures that the requirements of our clients are foremost in our employees' decision making process.

GROUP FINANCE

The Group Finance department manages our financial reporting processes to ensure the information which enables our Board to discharge its responsibilities is provided on a timely basis. It ensures cost controls are in place and that the business efficiently manages its resources. It also produces a financial forecast based on the strategic and operational plans of the business which is continuously reviewed and is used to plan and review regulatory capital requirements.

GROUP LEGAL

The Group Legal department ensures appropriate controls are in place to assist the business in both fulfilling its legal obligations and to ensure that any unnecessary risks are avoided or mitigated.

GROUP COMPLIANCE

Our Compliance function manages relationships with the Group's key regulators alongside identifying major compliance and regulatory risks. Our Money Laundering Reporting Officer (MLRO) is part of the Risk and Financial Crime team and is responsible for ensuring we have suitable anti-money laundering (AML) procedures and controls, and adequate AML training for all staff. The MLRO specifically considers the risk of loss through financial crime and the controls in place to mitigate the risk of such loss.

INTERNAL AUDIT

Our Internal Audit function reports to the Audit Committee on the effectiveness of key internal controls.

EXTERNAL AUDIT AND REGULATORY SUPERVISION

The majority of the activities of the Group, including the systems of business control, are subject to supervision by the Financial Conduct Authority. The Group is required on a regular basis to submit detailed prudential and statistical returns covering all areas of its business and meets regularly with its supervisors, conducting the relationship in an open and constructive manner. In addition, the Audit Committee also receives reports from our external auditor.

AUDIT COMMITTEE REPORT

Shirley Garrood
Chairman of the Audit Committee

The responsibilities of the Audit Committee are set out in its Terms of Reference, which are designed to assist the Board in discharging its responsibilities for:

- monitoring the financial reporting process including the integrity of our annual and interim reports, preliminary results and any other formal announcements relating to financial performance;
- ensuring that the integrity of our Annual Report and Financial Statements, taken as a whole, is fair, balanced, understandable and provides shareholders with the information necessary to assess the Company's performance, business model and strategy;
- reviewing the Group's internal financial controls and the Group's internal control and risk management systems;
- reviewing the statements to be included in the Annual Report and Financial Statements concerning internal controls;
- monitoring and reviewing the effectiveness of the Group's Internal Audit function;
- making recommendations to the Board, for a resolution to be put to the shareholders for their approval in general meetings in relation to the appointment or removal of the external auditor and the approval of the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- overseeing the Group's procedures for public interest disclosure (whistleblowing).

The Audit Committee reports its findings to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and makes recommendations as to the steps to be taken. However, the Board retains ultimate responsibility for reviewing and approving financial reports and other public statements.

The Chairman of the Audit Committee will be available at the Annual General Meeting to answer any questions about the work of the Committee.

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee at 30 June 2015 were:
Shirley Garrood – Chairman (Chartered Accountant) – appointed 25 October 2013
Chris Barling – appointed 26 August 2010
Dharmash Mistry – appointed 3 October 2011
Stephen Robertson – appointed 3 October 2011

All members of the Committee are independent. The biographies of Committee members can be found on pages 34 to 35.

On an on-going basis, membership of the Committee is reviewed by the Chairman of the Committee and any recommendations for new appointments are made to the Nomination Committee for onward recommendation to the Board. Appointments are for a period of three years and are extendable by no more than two additional three-year periods. The UK Corporate Governance Code requires the inclusion of at least one member with recent and relevant financial experience and our Committee Chairman currently fulfils this requirement.

The Group provides an induction programme for new Audit Committee members and on-going training to enable all of the Committee members to carry out their duties. The induction programme covers the role of the Audit Committee, its terms of reference and expected time commitment by members, and an overview of the Group's business, including the main business and financial dynamics and risks. New Committee members also meet some of the Group's staff, as appropriate. On-going training includes attendance at formal conferences, internal briefings and briefings by external advisers.

MEETINGS

The Audit Committee meets at least four times each year but more frequently when required, and met five times during this financial year. The attendance by each director is set out in the table on page 40. The Chairman, Head of Internal Audit, Chief Operating Officer, Chief Financial Officer and Chief Executive are routinely invited to, and attend, the majority of meetings, although the Committee reserves the right to request any of these individuals to withdraw. The external auditor also attended all meetings.

In between the formal schedule of meetings, the Committee Chairman keeps in regular contact with the Chief Executive, Chief Financial Officer, Head of Internal Audit, Chief Risk Officer and the Senior Engagement Partner of the external auditor.

OVERVIEW OF THE ACTIONS TAKEN BY THE AUDIT COMMITTEE TO DISCHARGE ITS DUTIES

In discharging its responsibilities the Audit Committee concentrated on 5 main areas:

- Financial Reporting
- Internal controls and key risks
- Effectiveness of the Audit Committee
- Effectiveness of Internal Audit
- Effectiveness and independence of the external auditor

1. Financial Reporting

With support and input from the external auditor, the Committee has considered, challenged and reviewed financial reporting for the Group, assessed whether suitable accounting policies have been adopted, whether management have made appropriate estimates and judgements and whether disclosures in published financial statements were fair, balanced and understandable.

The Committee has also considered, challenged and reviewed regular financial management information, the Group's internal capital adequacy assessment process (ICAAP) document and risk appetite statement (until the formation of the Risk Committee) during the year.

The integrity of the financial statements is underpinned by the control environment. In this regard, the Committee has considered risk and control reports from the Head of Internal Audit, the Chief Risk Officer, and the Compliance and Risk Director and satisfied itself that the integrity of the control environment supporting the financial reporting and disclosure process is appropriate.

SIGNIFICANT FINANCIAL JUDGMENTS AND FINANCIAL REPORTING FOR 2015

As part of its work in the year, the Audit Committee, on behalf of the Board, has examined the Annual Report and Financial Statements, Interim Report and Financial Statements, the Interim Management Statements, related disclosures, consistency of accounting policies and the financial reporting process. This has included the review and approval of the Annual Report, and consideration of the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Going Concern statement and the Statement of Cash Flows, with an emphasis on ensuring that these are fair, balanced and understandable.

As part of the review of the Annual Report, the Audit Committee concluded that there are no significant financial judgements and that the key area of discussion for the Committee in the financial statements is revenue as it is a significant focus for stakeholders. Within this, the Committee considered the basis for revenue recognition:

- Given the nature of HL's business, the revenue stream is non-complex, being mainly high volume, low value transactions which turn into cash quickly, therefore the degree of judgement required over this significant area is limited. Whilst considering revenue, the Committee received information from the Chief Financial Officer (CFO), the finance team and the external auditor. The Committee reviewed and discussed monthly management information during the year including absolute levels of revenue and variances in revenue between 2014 and 2015, with particular emphasis on the impact of RDR changes and reduced interest rates. Information is also provided to the committee on the performance of cash reconciliations, stock reconciliations and client account reconciliations, which all underpin the revenue calculation. Increased confidence has been derived from the external audit approach such that revenue streams were recalculated on 100% of our most significant revenue streams, with sample based testing on the remainder.

- The Committee received regular reports from management on the actions taken following the external audit benchmarking exercise of our IT controls in 2014 and were satisfied that any improvements required were put in place. The external audit also included a review of material balances, including counterparty balances, and an assessment of our overall control environment with an emphasis this year on IT controls and controls over journal entries and reconciliations.

- The Committee evaluated whether the going concern basis of accounting was appropriate by assessing the ICAAP and forecasts. This included a review of possible extreme stress scenarios. The Committee concluded that the liquidity and capital position of the Group remained appropriate.

The Company has in place arrangements to ensure that the Annual Report, taken as a whole, is fair, balanced and understandable and provides shareholders with the information necessary to assess the Company's performance, business model and strategy. The Committee examined the 2015 Annual Report and Financial Statements and was specifically tasked by the Board to advise it on whether the report is fair, balanced and understandable.

The Committee did this by satisfying itself that there is a robust process of challenge, including challenge by the Committee itself. The Committee's own challenge process included questioning the Chief Executive on the overall messages and tone of his review statement, examining and challenging reports from both management and the external auditor relating to the Annual Report, and reviewing consistency with internal reports presented to the Board by management, the Chief Financial Officer, Head of Internal Audit and Chief Risk Officer during the year. After challenge, debate and consideration of all relevant information, the Committee concluded that it could recommend to the Board that the 2015 Annual Report and Financial Statements are fair, balanced and understandable.

2. Internal controls and key risks

The Audit Committee receives reports at each meeting from Compliance and Risk, as well as Internal Audit. The Committee challenged the key executives on the content and veracity of those reports and the Committee has been satisfied that appropriate arrangements, actions or mitigating controls are in place. Topics addressed this year included:

- The ongoing project to upgrade and enhance our IT operating platform
- IT security, including cyber risk and specifically Denial of Service attacks
- Considering root cause analysis for any systems outages
- Monitoring CASS, implementation of PS14/9 and client money reports
- Monitoring changes to the management of SIPP monies
- Overseeing the implementation of improved measurement and reporting of key controls and process mapping
- Reviewing the Risk Management arrangements including the assessment of the top ten key risks, potential impact and resulting actions (responsibility passed to the Risk Committee from 1 October 2014)

- The implementation of a process to ensure continuous monitoring of controls as required by the Financial Reporting Council for the forthcoming year.

3. Effectiveness of the Audit Committee

The Audit Committee's effectiveness was independently reviewed as part of the overall Board effectiveness review undertaken in the year. The results showed that the Committee is effective and working as should be expected. Certain recommendations have been made as part of the review, actions have been agreed where improvements were suggested:

- An additional meeting has been added to the calendar for the coming year in order to ensure there is adequate time for discussion and debate.
- Drafts of the annual financial statements were provided to the Committee at an earlier stage to ensure there is sufficient time for members of the Committee to review and make comments.
- A more rigorous approach to evaluating the effectiveness of the external auditors has been adopted.
- Guidance published by the Financial Reporting Council last year requires boards to consider culture as a significant factor in the organisation's risk and control framework, as a result, the Internal Audit team will carry out a review of culture in the coming year.
- A revised control framework is being developed and a process mapping exercise is being undertaken, to ensure that the Committee has an appropriate overview of the risk and control processes within the Group.

4. Effectiveness of Internal Audit

The Audit Committee assists the Board in fulfilling its responsibilities relating to the adequacy of the resourcing and plans of the Internal Audit department. Internal Audit presents its plans for audit, using a risk based approach, to the Committee twice a year for prioritisation and approval. The Internal Audit charter can be found on our website at www.hl.co.uk.

Having conducted a review of the Internal Audit department the Committee is happy with both its resources and plans. The Institute of Internal Auditors recommend that an external review of the Internal Audit function is carried out no less than every five years. Our Internal Audit function had a satisfactory external review carried out in May 2012. The Chairman of the Audit Committee was in regular contact with the Head of Internal Audit throughout the year.

The Audit Committee met with the Head of Internal Audit privately this year in order to discuss any matters directly in the absence of management.

5. Effectiveness and independence of the external auditor

The Audit Committee is responsible for the development, implementation and monitoring of the Group's policy on external audit. The policy assigns oversight responsibility for monitoring the independence, objectivity and compliance with ethical and regulatory requirements to the Audit Committee, and day to day responsibility to the Chief Financial Officer. The policy states that the external auditor is jointly responsible to the Board and the Audit Committee and that the Audit Committee is the primary contact.

The Group's policy on external audit can be found on the Group's website at www.hl.co.uk and it is regularly reviewed to ensure that the independence and objectivity of our external auditors is maintained. It sets out the categories of non-audit services which the external auditor will and will not be allowed to provide to the Group, subject to de minimis levels and Audit Committee Chairman approval. The policy establishes guidelines for the recruitment of employees or former employees of the external auditors and for the recruitment of our employees by them. The policy further states that our external auditor may only be used for non-audit work where there are specific circumstances which mean they are the only firm able to provide a good service at an acceptable price. There were no non-audit fees during 2015 (2014: £nil). Fees for the audit for 2015 were £220,000 (2014: £118,000). In the prior year there was a £39,000 overrun on the audit fees which was subsequently recognised as an expense in the year to 30 June 2015 but not included in the fees above. The Audit Committee has agreed a higher base fee for 2015, better reflecting the work the external auditor is performing.

There is also an increase in fees in 2015 due to the additional work undertaken by the auditors in respect of specific CASS and client monies compliance auditing due to regulatory changes. There are no contractual or similar obligations restricting the Group's choice of external auditor and the external auditor has confirmed to the Committee that they remain independent.

The Audit Committee met with the external auditor privately this year in order to discuss any matters directly with the Senior Engagement Partner in the absence of management.

PwC have acted as auditors to the Group since 2013. In line with the EU audit regulation requirements, Hargreaves Lansdown will be required to review PwC as statutory auditor by 2023. This regulation requires the Company to undertake a formal tender process at least every ten years. In addition, the lead engagement partner is required to be replaced every five years in accordance with the regulation.

The Committee continues to remain satisfied with the performance and effectiveness of PwC and that they continue to remain independent and objective. The Committee has therefore recommended to the Board that a resolution is put to shareholders recommending their reappointment together with their terms of engagement and remuneration at the Annual General Meeting of the Company. This will continue to be assessed on an annual basis.

The external auditor will be asked to attend the AGM and will be available to answer shareholders questions about the audit and their report found on page 67.

Signed on behalf of the Audit Committee.

Shirley Garrood
Chairman of the Audit Committee
16 September 2015

DIRECTORS' REMUNERATION REPORT

Annual Statement by the Chairman of the Remuneration Committee

Christopher D. Barling
Chairman of the Remuneration Committee

Dear Shareholder,
I am pleased to present the Directors' Remuneration Report for the year ended 30 June 2015.

OBJECTIVES

Hargreaves Lansdown's remuneration practices are designed to promote the long term success of the company by supporting the business strategy and we believe that this is best done by motivating and retaining our talented employees. Our overall remuneration package aligns the long-term interests of Executive Directors with those of our shareholders and other stakeholders by incentivising the growth in the value of the business over the long term.

The Remuneration Committee continues to be satisfied that the structure of the remuneration package does not incentivise inappropriate risk taking, and although the application of some areas of the Remuneration Policy are being tightened, the Remuneration Policy is not being formally changed or submitted for another shareholder vote.

Outline of remuneration for Executive Directors

Hargreaves Lansdown provides a simple remuneration package consisting of base salary; annual bonus and long term incentive plan in addition to the same benefits package and salary sacrifice arrangements that are available to all employees of the Group.

The annual bonus is partly paid immediately in cash and part is deferred into shares and/or cash for three years and is subject to a malus provision (explained in more detail below) and, for bonus earned for 2016 onwards the bonus will be subject to clawback; the long term incentive plan provides share options that vest after three years, subject to formal performance conditions and also subject to malus, and, for awards made from 2015 onwards, vested awards will also be subject to clawback. There is also a minimum shareholding requirement.

The total bonus pool is capped as a proportion of profit before tax which establishes a clear link between rewards to shareholders and to both Executive Directors and senior management within the Group. Individual payments to Executive Directors are capped as a percentage of base salary.

A relatively high proportion of remuneration is paid in the form of bonus. The period for the deferral of 30% of bonus, the performance period for the long term incentive scheme and the period over which malus can be applied is three years. Hargreaves Lansdown's current business model ensures that profit is quickly translated into cash and as a result the Remuneration Committee deems that these policies and timescales are appropriate.

Remuneration outcomes for the year

The Committee's considered view was that 2015 had been a reasonable year for Hargreaves Lansdown. There was excellent new asset growth and client retention. The decisions on pricing have proven to be sound, balancing reduced costs for customers, a competitive pricing position and continuing profitable business activity.

Net new business was £6.1 billion and we welcomed 84,000 net new clients. Assets under administration increased by 18% while profit before tax fell by 5% to £199.0 million. The decisions on variable remuneration needed to reflect both this but also recognise the drag effect on profit growth of the continuing reduction in interest rates and the full year impact of the new tariffs arising from the regulatory changes of last year. Whilst interest rates and regulatory change are beyond management's control, they have directly led to reduced margins which meant profit declined despite growth in clients and assets. Management share in both the upside and downside of these factors and therefore the Executive Director and wider senior management bonus pool for 2015 was reduced compared to 2014.

As a result, the CEO's annual bonus earned for the year was 13% lower than last year.

The 2012 LTIP will vest on the third anniversary of the award and based upon the outcome of three year performance period ending 30 June 2015. An indication of the value at vesting is:

- The EPS performance target partially achieved.
- The Net New Business target fully achieved.
- The Net New Clients target fully achieved.
- A resulting 52,441 options of the 60,000 granted will vest
- Using the average share price over the quarter ended 30 June 2015 of £12,24, the gain over the exercise price of £6.87 is £5,37, giving an indicative total gain of £281,000.

Actions taken during the 12 months to 30 June 2015

The 12 months to 30 June 2015 have been busy for the Remuneration Committee with work completed including:

- The Directors' Remuneration Report in the 2014 annual report was reviewed, with consideration given to all of the feedback received from institutional shareholders.
- The performance conditions for the Executive Directors Share Option Plan (LTIP) were set and the level of awards to be made to each Executive Director

in respect of performance for the year ended 30 June 2014 under the LTIP were determined.

- A new LTIP performance condition measuring customer service levels was proposed, reviewed and agreed for LTIP awards to be made in 2015 onwards. This will be based on asset retention and the results of regular client surveys.
- The new corporate governance guidelines on clawback were considered and a new clawback measure proposed and agreed.
- The Committee commissioned an external benchmarking review of Executive Directors against general market and comparable financial services companies.
- The base salary levels and performance bonuses for the Executive Directors were reviewed and agreed, and salary levels for other senior management and FCA Remuneration Code Staff were reviewed.
- The CEO's base salary was increased from £450,000 to £500,000 per annum, with effect from 1 July 2015, and the maximum bonus opportunity was reduced from five times to four times base salary as part of a rebalancing from variable to fixed remuneration. This is the first salary increase that the CEO has received since his appointment.
- The Chairman's activities and remuneration were reviewed and an increased time commitment agreed alongside an increase in fees from £150,000 to £250,000 per annum with effect from 1 July 2015.
- The Remuneration Code Staff disclosure was reviewed and agreed.
- Tracey Taylor stood down from the Board and her termination arrangements were reviewed and agreed. These included a payment in lieu of salary and a cash bonus. Full details are provided in the Annual Report on Remuneration.
- Peter Hargreaves stood down from the Board and this was reviewed. No special termination arrangements were made.
- The remuneration for the incoming CFO, Chris Hill, was reviewed and agreed. This includes a base salary of £425,000 per annum and the same arrangements on annual bonus and LTIP as for other Executive Directors. Also included is compensation for a proportion of the value of the awards forfeited by Mr Hill as a result of his appointment at Hargreaves Lansdown. Further details are provided in the Implementation Report.
- The effectiveness of the Remuneration Committee was reviewed and it was concluded that the Committee remained effective throughout the year.
- The EBA consultation document was reviewed and the Committee contributed to the response submitted by the Group.

Taking account of shareholder views

We were delighted that last year's remuneration report received a favourable vote of 93.0% from shareholders, and that the Remuneration Policy received a favourable vote of 98.4%.

In future the Remuneration Committee will implement the approved Remuneration Policy more tightly than in the last year, including applying a maximum annual bonus cap of four times salary, down from five times and the introduction of clawback. These changes are in response to shareholder feedback received in the last year.

We have also consulted with our very largest shareholders this year on executive remuneration matters.

Direction of travel

The Remuneration Policy is well embedded and has been successful.

Last year, we stated that the relationship between fixed and variable remuneration had become unbalanced. Accordingly we are making two changes this year in relation to this relationship:

- The maximum bonus in relation to base salary is reduced from five times to four times.
- The CEOs base salary has been increased from £450,000 to £500,000 per annum.

During the year, the European Banking Authority issued a consultation which included draft guidelines on remuneration policies which suggested that the application of proportionality to CRD IV remuneration policies for some financial services companies may not operate in the future. Hargreaves Lansdown has responded to the consultation appropriately.

The Remuneration Committee will continue to keep the balance of the remuneration package under review in the light of ongoing market and regulatory change.

Compliance with legislation and best practice

This report has been prepared in accordance with the provisions of the Companies Act 2006 and the Large and Medium-Sized Companies and Groups Regulations 2013. It also meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules.

The Remuneration Committee confirms throughout the financial year that the Company has complied with these governance rules and best practice provision.

The report is split into two sections:

- The Annual Report on Remuneration, which details the payments made to Directors and explains the link between group performance and remuneration for the 2014/15 financial year (the 'Annual Report on Remuneration'). This will be subject to an advisory shareholder vote at this year's AGM.
- The Directors' Remuneration Policy (the 'Remuneration Policy' or 'Policy'), which sets out Hargreaves Lansdown's policy for Directors of Hargreaves Lansdown plc (Executive Directors and Non-Executive Directors collectively known as 'Directors'). This was approved by shareholders at our Annual General Meeting (AGM) on 24 October 2014, and is included here to provide shareholders with a complete picture of remuneration. It is the intention of the Committee that this Policy will be in effect for three years from the date of approval in October 2014.

The Annual Report on Remuneration is subject to an advisory vote.

I would like to commend the Annual Report on Remuneration to our shareholders.

Christopher D. Barling
Chairman of the Remuneration Committee
16 September 2015

ANNUAL REPORT ON REMUNERATION

The Directors Remuneration Report also encompasses the Chairman of the Remuneration Committee's statement.

Name of director	Salary as at 1st July 2015 (£)	Salary as at 1st July 2014 (£)	% increase
Ian Gorham	500,000	450,000	11%
Tracey Taylor[1]	-	350,000	0%
Peter Hargreaves[2]	-	10,000	0%

[1]Tracey Taylor stood down from the PLC Board on 5th December 2014.
[2] Peter Hargreaves stood down from the PLC Board on 14th April 2015

CHANGES TO THE APPLICATION OF THE DIRECTORS' REMUNERATION POLICY

The Committee has agreed three changes to the application of the Directors' Remuneration Policy. These all tighten up our approach and as a result we have been advised that there is no need for a new shareholder vote on the Policy this year. We intend to submit the Remuneration Policy for a new binding vote in 2017 in line with the usual three year timetable. The following are the changes:

Cap on annual bonus:

- The Remuneration Committee have previously stated that the direction of travel on remuneration is to have a smaller element of variable pay and to increase base salaries. Accordingly, the cap on the maximum amount of annual bonus for Executive Directors will be constrained to four times base salary (down from five times).

Clawback:

- In accordance with the UK Corporate Governance Code, clawback is being introduced and will apply to all Executive Director's variable compensation. This will apply to new LTIP awards made in 2015 and to the annual bonus earned for the year ended 30 June 2016.
- Clawback will potentially be applied by the plc Board following:
  a. Material misstatement of financial results which resulted in over-vesting or over payment of awards.
  b. An error in the calculation of incentive payments which resulted in the over vesting or over payment of awards.
  c. Gross misconduct.
- Clawback will apply to the non-deferred element of the bonus up to 3 years from the date of the award.
- Clawback will not apply to deferred bonuses which are already subject to malus.
- Clawback will apply to LTIP awards up to two years from the vesting date.

Peter Hargreaves stood down from the Board during the year and the clause in the Directors' Remuneration Policy relating specifically to his remuneration "Special arrangements for the founding Executive Director" will therefore not be applied in the future.

IMPLEMENTATION OF THE DIRECTORS' REMUNERATION POLICY

The Committee has put the Directors' Remuneration Policy into practice recognising that achieving the appropriate balance and determining a fair outcome in setting a competitive level of total remuneration involves judgement. In forming this judgement, the Committee considers pay data at similar size and scale companies operating in similar sectors. However, these do not determine what remuneration the Company offers but rather set a 'context' within which an individual's rewards will be positioned. In determining that positioning, the primary factors taken into account are the challenges the individual faces in their role, and their ability, experience and performance.

HOW THE REMUNERATION POLICY HAS BEEN APPLIED FOR YEAR ENDING 30 JUNE 2015

Details of how the Policy has been applied are set out below.

Executive Directors' salaries

The Executive Director's base salaries were reviewed in June 2015. In reviewing base salaries the Committee takes into account salaries elsewhere across the Group, relevant market data and information on remuneration practice in a comparator group of companies in the financial sector. Historically, Executive Directors' base salaries have been set well below the market median.

The Chief Executive's base salary has been increased in 2015 for the first time since his appointment. The increase was 11% and was accompanied by a reduction in the maximum annual bonus opportunity from five times base salary to four times. Since the Chief Executive took office on 2nd September 2010, the company's sales have grown by 100%, the company's profit by 131% and the share price by 196%, during which time we have become an established member of the FTSE 100.

Ian Gorham's base salary is being increased as part of the rebalancing between fixed and variable pay highlighted in last year's report. The base salary figures in the above table are the reference base salaries of the Executive Director before any salary sacrifice or exchange into pension or other benefits.

Chairman and Non-Executive Director Remuneration

The Chairman's remuneration was reviewed in June 2015. The Chairman's remuneration and the time expected to be spent on his duties had remained unchanged since 1st July 2012. Since then, the company has significantly grown in scale. As a result, the Committee has reviewed the Chairman's responsibilities with the CEO and concluded that the company can obtain more value from the Chairman's unique position by his spending more time on his role. The Chairman has been asked, and has agreed, to significantly increase the amount of time he will spend on his duties from just over one day per week to between two to two and a half days per week and his remuneration was accordingly increased to £250,000 per annum.

The Non-Executive Director fees include a base fee of £50,000 per annum which includes membership of the various committees. There are additional fees for the senior independent director role (£12,500 per annum) and for chairing committees (Remuneration £12,500 per annum, Audit £25,000 per annum). Details of the membership of the committees are given in the Corporate Governance Report on pages 36 to 43.

Name of director	2016 Fees (£)	2015 Fees (£)
Michael Evans	250,000	152,500
Chris Barling	75,000	75,000
Dharmash Mistry	50,000	50,000
Stephen Robertson	50,000	50,000
Shirley Garrood	75,000	75,000

Executive Directors' annual bonus for the year ending 30 June 2015

The size of the bonus pool was determined by the Committee based on the performance of the Group against a number of financial measures, detailed below. The bonus pool covers both Executive Directors and the wider senior management team and is subject to a cap of 5% of profit before tax, in line with the Policy.

Similarly, each individual Executive Director's performance and that of the senior management team has been considered by the Committee against objectives to ensure that allocation of the pool is consistent with individual performance. The bonuses awarded to Executive Directors have been constrained to a maximum cap of five times base salary this year as per the Policy, and details are reported below.

30% of the bonus awarded has been deferred in either shares or cash, subject only to continuing employment and with no performance conditions as this is a reward for performance in the financial year.

Long Term Incentive Plan

The awards made under the Long Term Incentive Plan (LTIP) in the year have been constrained to a maximum of two and a half times base salary. The awards made in 2012 and 2013 were subject to three performance conditions which were earnings per share (EPS), net new business flows and net new clients. The awards made in 2014 were subject to two performance conditions; EPS and net new business flows. For awards to be made in 2015 the Committee has decided there will be three performance conditions; EPS, net new business flows and a synthetic measure for customer service which is based on the Net Promoter Score[SM] across several key products combined with client retention as a percentage of assets. This measure has the benefit of several years of back data. The EPS and client satisfaction targets will be disclosed for the year in which the initial awards are made and the net new business flows target will be fully disclosed retrospectively. In making this decision, the Committee felt that these three measures align well with the long term strategy of the business. Client satisfaction is at the heart of everything that Hargreaves Lansdown does, earnings per share indicate the overall financial performance of the Group and net new business is the key driver of future years' financial performance. No significant amendments have been made to the terms and conditions of any entitlement of a director under the LTIP.

Termination arrangements for Tracey Taylor (audited)

Mrs Taylor stood down from the role of CFO with effect from 5th December 2014 following 15 years' service with the Group. She continued in employment with the Company until 30th June 2015. In line with the Policy, Mrs Taylor received the remuneration as per the table at the bottom of this page.

The Committee determined that an appropriate annual bonus for Mrs Taylor was £150,000 based on the financial performance of the Group, her performance as CFO in the period to 5 December 2014, her contribution to a number of operational projects and a smooth and professional transition of her role in the period to 30 June 2015.

Long term incentives for Tracey Taylor (audited)

- Deferred bonus 2013 – The award of 7,713 shares made in 2013 will be retained until maturity in September 2016. The value of this award based on the closing share price on 30th June 2015 of £11.53, is £88,931.
- Deferred bonus 2014 – The cash award made in 2014 of £117,000 will be retained until maturity in September 2017.
- Long-term incentive awards:
    - 2012 award – Subject to the achievement of the attached performance conditions, share options will be released at the normal vesting date.
    - 2013 award – Subject to the achievement of the attached performance conditions, share options will be pro-rated for service completed since the start of the performance period and released at the normal vesting date.
    - 2014 award – Share options lapsed in full on 30 June 2015.

Termination arrangements for Peter Hargreaves

Mr Hargreaves stood down from the role of Executive Director with effect from 14th April 2015 and remains in employment with the Company. No payments were made to Mr Hargreaves in connection with his standing down as a Director.

Remuneration arrangements for new CFO, Chris Hill

The appointment of a new CFO, Chris Hill, was announced on 10th August 2015. The package agreed by the Committee was a

Tracey Taylor termination payments	Payment in lieu of salary[1, 2]	Payment in lieu of prescribed benefits[3]	Payment in lieu of unused holiday entitlement	Cash bonus[4]
2015	145,833	20,877	16,154	150,000

[1] Payments were made in lieu of five months notice.
[2] Payment in lieu of salary is subject to mitigation provisions.
[3] Payment in lieu of pension contributions and other contractual benefits.
[4] The cash bonus is not subject to deferral.

salary of £425,000 per annum, participation in the annual bonus (pro-rated for time to be employed), participation in the LTIP and participation in other benefits on the same basis as other Executive Directors. No guaranteed awards have been made. The notice period is 12 months on either side.

Existing share awards forfeited by Mr Hill at his previous employer as a result of his appointment at Hargreaves Lansdown will be bought out by an award of Hargreaves Lansdown shares at the same or a discounted basis to the current estimated value of the previous award and will vest on the same dates as the benefit being replaced as follows:

- **2016:** An award over 27,100 Hargreaves Lansdown shares which will vest on 1st July 2016. This award had a face value of £312,463 based on the share price as at 30th June 2015.
- **2017:** An award over 12,200 Hargreaves Lansdown shares which will vest on 1st July 2017. This award had a face value of £140,666 based on share price as at 30th June 2015.

No compensatory awards were made in respect of other awards foregone. Both of the buy-out awards are subject to continuing employment until the relevant vesting dates. No performance conditions are attached because the existing benefits being bought out have none attached.

Remuneration payable for the 2015 financial year (1 July 2014 to 30 June 2015) (Audited)

The remuneration received by Executive Directors in relation to performance in 2015 is set out below.

Name of director	Year	Fees/ Basic salary	Benefits (non taxable)	Pension, including salary sacrifice	Cash bonus	Deferred element of bonus – shares	Deferred element of bonus - cash	Gain on historic options vesting	Payments made on termination	Totals
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ian Gorham[1]	2015	418	1	60	805	345	-	281[4]	-	1,910
	2014	412	1	49	1,080	270	-	8,796	-	10,608
Tracey Taylor[2]	2015	138	1	23	150	-	-	281[4]	183	776
	2014	285	4	59	468	-	117	220		1,153
Peter Hargreaves[3]	2015	5	-	-	-	-	-	-	-	5
	2014	10	-	-	-	-	-	-	-	10

[1] Ian Gorham waived part of his salary and bonus in favour of making a higher pension contribution. His reference salary for the year was £450,000 (2014: £450,000).
[2] Remuneration for Tracey Taylor is shown for the period of her Directorship to 5 December 2014. She remained in employment to 30 June 2015, however her remuneration for this time has not been included. Her reference salary for the year was £350,000 (2014: £350,000).
[3] Remuneration for Peter Hargreaves is shown for the period to 14 April 2015.
[4] The 2012 LTIP performance period ended on 30 June 2015 and the gain has been calculated based on the average market value over the period from 1 April 2015 to 30 June 2015.

Under the 'Gain on historic options vesting', amounts shown include share schemes without performance criteria which have been exercised during the period with the amount being the gain received by the Director at date of exercise, and for schemes with performance criteria, best estimate of amounts to be paid in respect of performance periods concluding at the date of the end of the reporting period. Other than SAYE options (which are available to Directors on the same basis as all employees), no share options without performance criteria have been granted to Executive Directors since 7th March 2012.

The base salary figures in the above table are the reference base salaries of the Executive Director after any salary sacrifice or exchange into pension or other benefits. Bonuses are shown after any waiver the Director made in respect of additional Employer pension contributions.

The remuneration received by Non-Executive Directors in 2015 is set out opposite.

Non-Executive Directors received no other taxable benefits or other remuneration other than reimbursement of all reasonable and properly documented travel, hotel and other incidental expenses incurred in the

Non-Executive Directors and Chairman	2015 Fees (£)	2014 Fees (£)
Michael Evans, Chairman	152,500	152,500
Chris Barling	75,000	56,216
Dharmash Mistry	50,000	42,500
Stephen Robertson	50,000	42,500
Shirley Garrood[1]	75,000	36,006
Jonathan Bloomer[2]	-	22,596

[1] Emoluments for Shirley Garrood for 2014 are shown for the 8 months following her appointment to the Board as a Non-Executive Director.
[2] Emoluments for Jonathan Bloomer for 2014 are shown for the 4 months up to his resignation from the Board as a Non-Executive Director.

performance of their duties and also the benefit of officers' liability insurance.

ANNUAL BONUS FOR THE YEAR ENDING 30 JUNE 2015 (AUDITED)

The size of the bonus pool was determined based on performance against a number of financial measures. The relevant measures and the Committee's assessment of performance are as shown opposite:

The Committee's considered view was whilst 2015 had been a reasonable year overall, the results were not quite as strong as previous years (for many very valid reasons, including those outside of management's control) and decided that the total bonus pool for Executive Directors and wider senior management team for 2015 should be 1.78% of profit before tax as compared to 2.42% for the previous year.

The Committee individually considers each Director's performance and that of the senior management team against objectives to ensure allocation of the pool is consistent with individual performance.

Deferral of annual performance bonuses

As disclosed in 2014, the requirement for 30% of all performance bonuses to be waived in favour of deferred awards has been phased in over 3 years. In line with previously stated intentions 30% of the annual performance bonuses are deferred for the current year and deferment at this level will continue in future.

The deferred awards will ordinarily be in the form of shares on which dividends (or dividend equivalents) are earned. However, providing the Director satisfies the minimum shareholding target with reference to base salary, the option is given for deferred awards to be either in shares on which dividends (or dividend equivalents) are earned or in cash on which no interest will be earned, or a mixture of shares and cash. The right to exercise deferred awards will vest after three years provided the individual remains employed by the Hargreaves Lansdown Group.

For additional information, the history of the performance measures and the bonus pool for the last five years is:

Key	
Significantly ahead of expectations	****
Ahead of expectations	***
At or around expectations	**
Below expectations	*

	Profit before tax	Net new business	Net new clients	Opertating profit margin (on net revenue)
Results	£199.0m	£6.1bn	84,000	67.3%
Committee's assessment	*	**	*	**

Ian Gorham	
Objective	**Committee's assessment**
Navigating the Company in post RDR world	***
Strengthening the management team	**
Operational excellence	**
Enhanced people focus	**

The resulting bonuses for the year ending 30 June 2015 were:

	Cash £'000	Bonus Waiver	Deferred £'000	Total £'000	% of cap
Ian Gorham	805	20	345	1,170	52%
Tracey Taylor[1]	150	-	-	150	9%
Peter Hargreaves	Nil		Nil	Nil	Nil

[1] Tracey Taylor's bonus was based on her performance as CFO up to 5 December 2014 and her contribution to operational projects and a smooth and professional transition until 30 June 2015

Measure	2015	2014	2013	2012	2011
Profit before tax ("PBT")	£199.0m	£209.8m	£195.2m	£152.8m	£126.0m
Net new business	£6.1bn	£6.4bn	£5.1bn	£3.2bn	£3.5bn
Net new clients	84,000	144,000	76,000	45,000	50,000
Net operating margin (on net revenue)	67.3%	71.3%	71.5%	67.8%	64.7%
Bonus pool as % of PBT	1.78%	2.42%	3.53%	3.75%	3.74%

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VESTING OF LONG TERM INCENTIVE AWARDS FOR FINANCIAL YEAR ENDING 30 JUNE 2015 (AUDITED)

The LTIP awards made for the year ended 30th June 2012 will vest on the third anniversary of the award. The LTIP targets and the outcomes achieved are detailed opposite.

For each of the performance criteria achieved in full, 20,000 options are exercisable. For the criteria achieved in part, a pro-rated number of options is exercisable.

For each participant 52,441 options of the 60,000 granted will vest. Using the average share price over the quarter ended 30th June 2015 of £12.24, the gain over the exercise price of £6.87 is £5.37, giving an indicative total gain of £281,000.

Target	Minimum	Maximum	Performance	Achievement
EPS	31.0p	35.3p	33.1p	62.21%
Net new business	£8.6bn	£12.0bn	£17.6bn	100%
Net new clients	120,000	175,000	304,000	100%

There have been no long term incentive awards vesting in the year.

Share awards made during the year ending 30 June 2015 (Audited)

In respect of performances of the Executive Directors during the year ended 30 June 2014, the Remuneration Committee made awards under the LTIP on 2nd October 2014. Each Director received an award of options over 55,000 shares (the face value of these awards being 114% of base salary for Ian Gorham and 146% of base salary for Tracey Taylor). These awards are well within the maximum levels permitted by the rules of the Plan.

Name of director	Type of award	Market value of maximum award at date of grant	Share price on date of grant (exercise price)	Number of shares over which the award was granted	Face value of award[1]	Fair value at date of grant[2]	% of face value that would vest at threshold	Performance period determining vesting
Ian Gorham	LTIP	Two and a half times salary – £1,125,000	£9.32	55,000	£512,000	-	25%	1 July 2014 – 30 Jun 2017
Ian Gorham	SAYE	-[4]	£9.58	1,565	£14,993	£18,937	n/a	1 May 2015 – 30 April 2020
Tracey Taylor[3]	LTIP	Two and a half times salary – £875,000	£9.32	55,000	£512,600	-	25%	1 July 2014 – 30 Jun 2017
Peter Hargreaves	None	-	-	-	-	-	-	-

[1] Face value is calculated as the share price at the date of grant multiplied by the number of options granted.
[2] Fair value is calculated as the difference between market value and the exercise price at the date of grant. Note that SAYE options were granted at a discount, on the same basis as for all employees.
[3] Tracey Taylor's LTIP lapsed in full on 30 June 2015.
[4] Savings into the SAYE are capped at a maximum of £500 per month.

Performance conditions for the awards made under the Plan during the year ended 30 June 2015 were as follows, with the performance period commencing 1 July 2014:

Performance condition	Percentage of award	Threshold	Maximum
Earnings per share ('EPS') [2]	50%	42.3p	47.4p
Net new business inflows	50%	[1]	[1]

[1] The precise targets for net new business inflows are commercially sensitive and cannot be disclosed in full. The Committee will disclose the net new business inflow targets (and performance against those targets) in the first remuneration report of the Company following the end of the performance period.
[2] For earnings per share, the target is based on average undiluted basic EPS for each financial year in the performance period.

Each target will have a threshold and maximum target set by the Committee. Provided the threshold is achieved, 25% of that part of the Option relating to that performance condition will vest, rising to vesting in full if the maximum target is met or exceeded. For performance between the minimum and maximum targets, the vesting will be pro-rated on a straight line basis between 25% and 100%.

OUTSTANDING SHARE OPTIONS AND SHARE AWARDS

Below are details of outstanding share options and awards for Executive Directors:

Name of director	Scheme	Grant date	Exercise price £	Number of shares under option at 1 July 2014	Number granted during year	Number waived during the year	Number of shares under option and unexercised at 30 June 2015	End of performance period	Vesting date	Performance period	Date of expiry of option
Ian Gorham	Sharesave	14/04/15	9.58	-	1,565	-	1,565	-	01/05/20	5 years	01/11/20
	2014 LTIP	02/10/14	9.32	-	55,000	-	55,000	30/06/17	02/10/17	3 years	02/10/20
	2013 LTIP	17/02/14	13.29	50,000	-	-	50,000	30/06/16	17/02/17	3 years	17/02/20
	2012 LTIP	31/12/12	6.87	60,000	-	-	60,000	30/06/15	31/12/15	3 years	31/12/18
	Deferred bonus options	17/02/14	Nil	16,865		-	16,865	-	17/02/17	3 years	01/10/17
	Deferred bonus options	02/10/14	Nil	-	21,809	-	21,809	-	02/10/17	3 years	02/01/18
	Sharesave	29/03/12	3.65	4,109	-	-	4,109	-	01/05/17	5 years	01/11/17
Tracey Taylor	2014 LTIP	02/10/14	9.32	-	55,000	55,000	-	30/06/17	02/10/17	3 years	02/10/20
	2013 LTIP	17/02/14	13.29	50,000	-	16,667	33,333	30/06/16	17/02/17	3 years	17/02/20
	2012 LTIP	31/12/12	6.87	60,000	-	-	60,000	30/06/15	31/12/15	3 years	31/12/18
	Deferred bonus options	17/02/14	Nil	7,713	-	-	7,713	-	17/02/17	3 years	01/10/17
	Sharesave	01/05/14	11.43	1,637	-	1,637	-	-	01/05/19	5 years	01/11/19
	Sharesave	29/03/12	3.65	3,090	-	3,090	-	-	01/05/17	5 years	01/11/17
Peter Hargreaves	None	-	-	-	-	-	-	-	-	-	-

The market value of the Company's shares was £11.53 at year end. The highest and lowest market values during the year were £12.93 and £8.52.

Sourcing shares

ABI guidelines on sourcing shares have been followed and, in line with the scheme rules, the Company has not issued shares under all employee schemes which, when aggregated with awards under all of the company's other schemes, exceed 10% of the issued ordinary share capital in any rolling 10 year period. The Company has also not issued new shares under executive (discretionary) schemes which exceed 5% of the issued ordinary share capital of the company in any rolling 10 year period.

Executive Directors shareholdings and share interests (Audited)

Executive Directors are required to accumulate minimum personal holdings in Hargreaves Lansdown plc shares amounting to a value of two times base salary. Executive Directors with less than six years' service are required to hold a minimum of one times base salary. Newly appointed Executive Directors will be given up to three years to comply with this requirement.

All Executive Directors in the financial year currently own shares outright, at a level exceeding their required shareholding as described above based on a share price of £11.53 (being the closing price on 30 June 2015). Current shareholdings (or those at the date of resignation, as appropriate) are summarised in the following table:

Name of director	Beneficially owned at 30 June 2014	Beneficially owned at 30 June 2015	Outstanding LTIP awards with performance conditions	Outstanding subject to continued employment, arising from deferred bonus	No of share options vested but unexercised at 30 June 2015	No of share options exercised in the year	Shareholding guideline (multiple of salary)	Shareholding multiple of salary achieved at 30 June 2015
Ian Gorham	332,628	332,628	165,000	38,674	-	-	Two times	Over eight times
Tracey Taylor	763,369	660,000[1]	101,046	-	-	-	-	-
Peter Hargreaves	152,639,678	152,639,678[2]	-	-	-	-	-	-

[1] Shareholding as at 5 December 2014. [2] Shareholding as at 14 April 2015.

The table opposite shows Hargreaves Lansdown shares held by the Non-Executive Directors as at 30 June 2015.

Non-Executive Director	Shares
Michael Evans	8,125
Chris Barling	-
Dharmash Mistry	-
Stephen Robertson	9,890
Shirley Garrood	-

PERCENTAGE CHANGE IN CHIEF EXECUTIVE'S REMUNERATION

The table opposite shows the percentage change in remuneration of the Director undertaking the role of Chief Executive and the Company's employees as a whole between the year ended 30 June 2014 and the year ended 30 June 2015.

There was a rebasing exercise carried out across the Group to increase base salaries for employees, with an appropriate reduction in bonus paid.

	Salary	Annual bonus
CEO % change	0%	(15%)
Employee % change	11%	(46%)

Benefits are provided on the same terms to Directors and all staff alike.

In determining director's pay, the Committee considers comparison with the remuneration of all staff. There has been no formal consultation with employees in determining policy, although a staff survey was held during the year. Note that the above figures show the difference in average pay for employees.

GOVERNANCE

2015 CHIEF EXECUTIVE'S TOTAL RENUMERATION

Outlined below is the total renumeration figure for the Chief Executive in 2015.

	2010	2011	2012	2013	2014	2015
	Peter Hargreaves	Peter Hargreaves [2]/ Ian Gorham [3]	Ian Gorham	Ian Gorham	Ian Gorham	Ian Gorham
Total Remuneration (£)	405,917	£85,123/ £1,034,167	£1,640,895	£6,751,557	£10,608,359	£1,224,715
Annual Bonus as a percentage of maximum	Nil	(£73,333)[1] (£666,667)[1]	(£1,250,000)[1]	(£1,500,000)[1]	60% (£1,350,000)	52% (£1,170,000)
Shares vesting[4] as a percentage of maximum	Nil	Nil/Nil	Nil	100%	100%	Nil

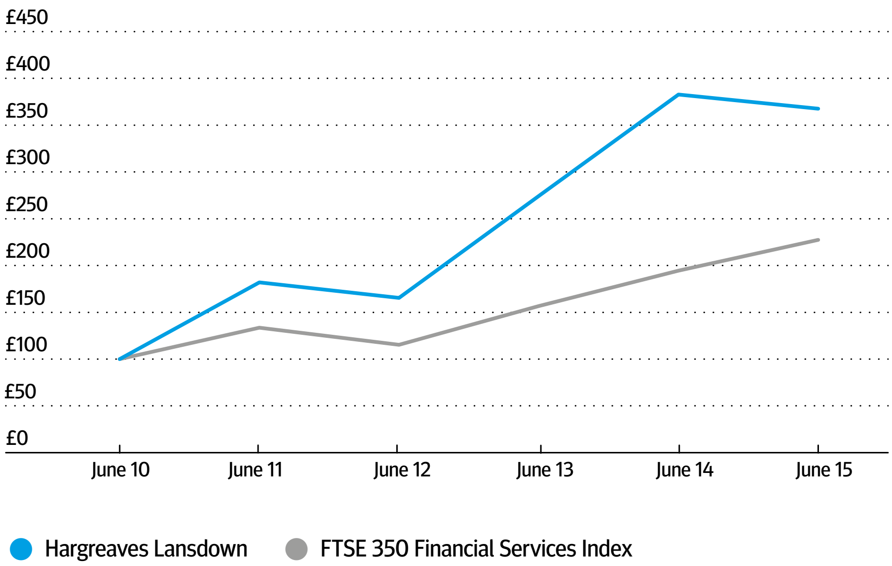
[1] Prior to 2014, there was no individual cap on annual bonus payable, other than the overall bonus pool cap as a percentage of profit before tax. Bonus figures shown are gross of any sacrifice into pension and before any compulsory deferral.
[2] Emoluments for Peter Hargreaves for 2011 are shown for the 2 months prior to date of his resignation from the role as CEO.
[3] Emoluments for Ian Gorham for 2011 are shown for the 10 months following his appointment to the Board as a director.
[4] Options vesting in 2014 and 2013 pre-dated the LTIP and therefore had no performance criteria.

TOTAL SHAREHOLDER RETURN

The graph opposite shows the Company's performance measured by Total Shareholder Return (TSR), which is the capital growth and dividends paid. This is compared with the performance of the FTSE 350 Financial Services Index for the last five years.

The graph shows the value of £100 invested in Hargreaves Lansdown plc shares on 1 July 2010 compared to the value if £100 invested in the FTSE 350 Financial Services Sector Index for each of our financial year ends to 30 June 2015. We have chosen the FTSE 350 Financial Services Index as we believe it is the most appropriate comparator for benchmarking our corporate performance over the five year period.

TOTAL SHAREHOLDER RETURN - HARGREAVES LANSDOWN AND FTSE 350 FINANCIAL SERVICES INDEX (£)



RELATIVE IMPORTANCE OF THE SPEND ON REMUNERATION

The table opposite shows the actual expenditure of the Group in terms of total employee remuneration pay, profit before tax, and total dividends for this and the previous year.

To aid comparison we have also detailed the percentage change between the years.

	Total Dividend Paid £'m	Profit Before Tax £'m	Staff Costs £'m	Total Dividend Declared (Pence per share)
2015	152.1	199.0	53.1	33.0p
2014	142.0	209.8	51.3	32.0p
% Change	+7%	-5%	+4%	+3%

ALL-EMPLOYEE SHARE PLANS

The company operates a SAYE share options scheme and Share Incentive Plan (SIP) on the same terms for all employees. All employees are encouraged to become shareholders, both through direct ownership or through participation in share schemes.

PENSION

No Directors or staff participates in a defined benefit pension scheme. The Group operates its own Group Self Invested Personal Pension (the "GSIPP"). The Company contributes 4% of base salary to the scheme which applies to Executive Directors and staff. Employees wishing to make personal contributions to the GSIPP can do so via 'salary exchange' or 'bonus waiver' ensuring that they benefit from the maximum, immediate relief from income tax and National Insurance. Staff, Senior Management and Executive Directors may opt out of the scheme should they wish.

The Committee confirms that no excess retirement benefits have been paid to current or past Directors.

PAYMENTS TO THIRD PARTIES

The Committee confirms that no amounts have been paid to third parties in respect of Directors' services.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for the framework or broad policy for the fair remuneration of the Executive Directors of the Company and its subsidiaries as well as their performance management. The policy is determined with due regard to the interests of the Company and the shareholders. The Committee makes recommendations to the Board. No Director plays a part in any discussion about his or her own remuneration. The Remuneration Committee meets at least twice per year and is governed by formal Terms of Reference, which are reviewed annually.

The Remuneration Committee met nine times during this financial year. The attendance by each director is set out in the table on page 40. The Committee is chaired by Chris Barling and its other members at 30 June 2015 were Michael Evans, Shirley Garrood and Dharmash Mistry. None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business.

The Committee's purpose is to:

- determine and recommend to the Board the remuneration policy for the Executive Directors of the Company and of the subsidiary companies;
- ensure the level and structure of remuneration is designed to attract, retain, and motivate the Executive Directors needed to run the Company and the Group; and
- monitor the level and structure of remuneration for senior management.

The performance measurement of the Directors and key members of senior management and the determination of their annual remuneration packages are undertaken by the Committee. The Committee also ensures that the remuneration relationship between the Directors and senior employees of the Company is appropriate and that the remuneration policy complies with the FCA Remuneration Code. Any exceptional remuneration arrangements for senior employees are advised to the Committee.

EXTERNAL ADVISORS

Throughout the year, the Committee has appointed and been advised by Deloitte LLP, who are signatories to the Code of Conduct for the provision of independent remuneration advice of the Remuneration Consultants Group. The Remuneration Committee are satisfied that the advice it has received was independent. The fees payable to Deloitte for this advice were £24,300 plus VAT.

EXTERNAL DIRECTORSHIPS OF EXECUTIVE DIRECTORS IN THE YEAR

Peter Hargreaves is a Non-Executive Director of ITM Power plc and retains the fees related to that role. Ian Gorham does not currently hold any external directorships. Tracey Taylor held no external directorships while she was a Director.

STATEMENT OF VOTING AT THE AGM

At the AGM held in 2014, votes cast by proxy and at the meeting in respect of the Directors' remuneration report were as shown below:

RESPONSIBILITY

The Board remains ultimately accountable for executive remuneration but has delegated this responsibility to the Remuneration Committee. The Committee's full terms of reference are available on the Company's website.

In determining the Directors' remuneration and the remuneration structure for the current financial year, the Committee consulted Ian Gorham about its proposals, although no Director was involved in discussions regarding their own remuneration.

Resolution	Votes for including discretionary votes	% for	Votes against	% against	Total votes cast excluding votes withheld	Votes withheld	Total votes cast including votes withheld
Approve Director's Report on Remuneration (excluding Directors Remuneration Policy)	356,526,901	93.0%	26,772,800	6.98%	383,299,701	1,753,443	385,053,144
Approve Directors' Remuneration Policy	379,027,684	98.4%	5,941,081	1.54%	384,968,765	84,379	385,053,144

GOVERNANCE

DIRECTORS' REMUNERATION POLICY – FOR INFORMATION ONLY

PREAMBLE

This Policy took effect immediately following the AGM of 24 October 2014. It is the intention of the Committee that this Policy will be in effect for three years from the date of approval. The Committee has reviewed the policy and intends to operate it in the future with the following tightening of policy in three areas, which are explained in detail in the Remuneration Report:

- The cap on Directors Annual Performance Bonus will be constrained to four times salary.
- The special arrangements for founding Executive Director will not be applied as Peter Hargreaves has stepped down from the Board.
- Clawback will be applied to variable remuneration in future.

POLICY

The Company's Policy is designed such that each component of remuneration works in unison with the others to form an overall package which will attract, retain and motivate individuals of the calibre required to run a group of the scale and complexity of Hargreaves Lansdown.

For Executive Directors, packages are provided which are weighted towards performance with measures which reflect individual and corporate performance over a one and three year time horizon.

The Policy is divided into separate sections for Executive and Non-Executive Directors. The remuneration of the Executive Directors and Chairman is set by the Committee under delegated powers from the Board. The Non-Executive Directors' remuneration is set by the Chairman and Chief Executive. No Director plays a role in setting their own remuneration.

a) Policy applying to the Executive Directors of the Company

Component / Purpose and link to strategy	Operation and performance measures	Maximum Opportunity
Base Salary To attract and retain high performing individuals, considering both the market value of the position and the individual's skills, experience and performance.	The Committee will review each Director's Base Salary annually and will consider each individual's performance and progress taking into account the scope and nature of their role, their ability and their experience. The base salary will also be set with reference to mid-market levels and to remuneration within the Group as well as appropriate comparator companies. Salary increases are usually effective from 1 July.	No prescribed maximum annual increase. Factors considered when determining any increase to Base Salary will include individual performance and any changes in roles or responsibilities. The Committee will also consider increases across the wider senior management team.
Annual Performance Bonus To reward achievement of the Group's business plan, key performance indicators and the personal contribution of Directors. To align the interests of Directors with those of shareholders.	The level of Performance Bonus payable is linked to key financial metrics as well as individual, departmental and corporate performance against objectives. Bonus awards to Directors are made from the Directors' annual performance aggregate bonus pool (which also provides for bonuses for the wider senior management team). The size of the aggregate bonus pool is established taking account of the Group's key performance indicators for the relevant financial year such as underlying profit before tax, operating margin, underlying earnings per share, quality of customer service provided, corporate governance, compliance with regulatory requirements and risk management along with making some allowance for impacts on profit outside of management's control such as market and interest rate movements. The Committee considers each individual Director's performance against his or her personal objectives to ensure that awards are made where performance so merits. 30% of the Annual Performance Bonus is subject to compulsory deferral for a period of three years. It may be deferred into deferred share awards and / or deferred cash awards at each Director's discretion, subject to each Director maintaining the required minimum shareholding. Dividend alternatives will accrue on deferred share awards and will be paid at the time of vesting. To the extent that the minimum shareholding is not yet held, the Director must defer into share awards. At the discretion of the Committee, the immediately payable element of the Annual Performance Bonus may be paid as cash and/or as an additional employer pension contribution. Any unvested deferred awards are subject to a formal malus mechanism.	The aggregate bonus pool is capped at 5% of Profit Before Tax for that year. The maximum bonus opportunity for Directors under the Policy is five times base salary for the reward period.

Long Term Incentive Plan To align the interests of Directors with those of shareholders and to reward growth of the long-term value of the business.	Annual awards of market value share options will vest after 3 years subject to continuing employment and to the extent that performance tests are met over the 3 year performance period. The awards are subject to up to three performance conditions including one profit related and up to two business performance indicators. In respect of each performance condition, which are set by the Committee prior to the grant of the award, performance below the minimum threshold results in zero vesting. Vesting of each performance condition starts at 25% and rises to 100% for levels of performance between the minimum and maximum targets. Any unvested awards are subject to a formal malus mechanism.	The maximum award each year under the Policy is two and a half times base salary.
Shareholding Guideline To align the interests of management and shareholders in the success of the Group	Directors have six years from appointment to achieve a shareholding with a minimum value of two times base salary with a minimum goal of one times after three years assessed on 30 June of each year.	Not applicable.
Pension To provide adequate pension saving arrangements for Directors and staff.	Pension provision is provided in line with the pension provision for all staff. Any changes made to the staff arrangements will be carried across to the Directors. The Committee may amend the form of any Director's pension arrangements in response to changing pension legislation or similar developments, so long as any amendment does not increase the cost to the Company of a Director's pension provision by any greater percentage than the increase to the provision for all other staff. All staff and Directors may waive an element of their Annual Performance Bonus in return for a corresponding employer's contribution into their pension. The Committee reserves the right to pay a cash allowance in place of an employer pension contribution where a Director has reached the Lifetime Allowance.	Current policy for all staff pensions is defined contribution with an employer contribution of a maximum of 4% of base salary. Any contribution paid as a result of waiver of the cash element of an Annual Performance Bonus will not be counted towards the 4% maximum.
Benefits An 'across the board' benefits package is available to both staff and Directors alike.	All eligible staff and Directors may take up a range of benefits. Where costs are necessarily incurred in the performance of duties on behalf of the company, those costs will be reimbursed in full e.g. travel, accommodation, subsistence, relocation, and any tax and social costs arising. Provision of tax efficient benefits such as pension contributions, additional holiday, childcare vouchers and workplace parking is available through a salary sacrifice mechanism. Group life insurance and Group PHI is provided to all staff with greater than 6 months continuous service. All eligible staff (as defined by the scheme rules and which includes Executive Directors) may participate in the Save As You Earn scheme or Share Incentive Plan. Appropriate director insurance and indemnity cover is provided by the company.	The maximum value of benefits will depend on the cost of the provision of those benefits. There are a number of variables and unknowns impacting the maximum payable in the event of relocation; however, the Committee would pay no more than is necessary in such situations.

b) Special arrangements for founding Executive Director

The cap on annual performance bonus in relation to basic salary will not apply to Peter Hargreaves due to the nominal value of his base salary, although the absolute value of his bonus in any year will not exceed that of the Chief Executive. Mr Hargreaves is also not subject to the compulsory deferral of any element of his annual performance bonus.

c) Policy applying to the Chairman and Non-Executive Directors of the Company

Component / Purpose	Operation
Basic fee To attract and retain high performing individuals, considering both the market value of the position and the individual's skills, experience and performance.	The Chairman and Non-Executive Directors' basic fees are reviewed annually by those responsible as outlined earlier. Fee increases, if applicable, are normally effective from 1 July. The fee levels are set taking into account market data for comparable positions taking account of the time commitment required for the role. All Non-Executive Director's fees including those below are paid in cash, on a quarterly basis. The Non-Executive Directors are not eligible for bonuses, pension, or to participate in any Group employee share plan.
Committee Chairman fees To recognise the additional time commitment and responsibility involved in chairing a Committee of the Board.	Each Non-Executive Director receives an additional fee for each Committee for which they are Chairman. The Committee Chairman fees reflect the additional time and responsibility in chairing a committee of the Board, including time spent in preparation and liaising with management, and the time spent attending and preparing for a committee of the Board.
Senior Independent Director (SID) fee To recognise the additional time commitment and responsibility involved holding the role of the SID.	The SID receives an additional fee for his role. The fee reflects the additional time and responsibility in fulfilling the role of Senior Independent Director.
Benefits and Expenses To appropriately reimburse the Chairman and Non-Executive Director for out of pocket expenses incurred in the fulfilment of their responsibilities and any tax and social costs arising.	Expenses may be claimed by the Chairman and Non-Executive Directors in line with the Company's expenses policy. Appropriate director insurance and indemnity cover is provided by the company. Reduced share dealing fees, in line with those charged for all other employees. No other benefits are made available to Non-Executive Directors.

The maximum aggregate remuneration for Non-Executive Directors is set in accordance with the Articles of Association.

SERVICE AGREEMENTS AND LOSS OF OFFICE PAYMENTS

All Executive Directors have a service contract and the Non-Executive Directors are contracted under a letter of appointment. Both will reflect the approved policy in force at the time of appointment. The service contracts and the letters of appointment for all Directors in post are available for viewing (on the giving of reasonable notice) at our registered office during normal business hours and both prior to and at the Annual General Meeting. Under the terms of our Articles of Association, all Directors are subject to annual re-election by shareholders.

EXECUTIVE DIRECTORS

Our policy is that service contracts do not have a specific duration but may be terminated with 12 months' notice from the Company or the Executive Director.

The service contracts contain no provision for liquidated damages for compensation on termination, except for those set out in the table on the next page. The service agreements contain provisions for payment in lieu of notice in respect of base salary, pension contributions but these are at the Company's sole discretion.

The Committee has a policy framework for payments for loss of office by an Executive Director, both in relation to the service contract and incentive pay, which is summarised on the next page. The approach of the Company on any termination is to consider all relevant circumstances, including the recent performance of the Executive Director, and to act in accordance with any relevant rules or contractual provisions.

PROVISIONS ON A TAKEOVER AND OTHER CORPORATE EVENTS

In the event of a takeover or other corporate event, the Committee shall determine the amount (if any) of any bonus payable taking into account any applicable performance targets that have been achieved and any such factors as it considers appropriate given the curtailed performance period.

Deferred bonus awards and outstanding LTIP awards will vest at that time subject to satisfaction of the applicable performance conditions and pro-rated to reflect the length of the Performance Period which has been worked (with the Committee having discretion not to pro-rate or to reduce the pro-rate if it considers it appropriate to do so). Alternatively the Committee may determine with the agreement of the acquiring company that awards may be exchanged for equivalent awards in another company.

CHAIRMAN AND NON-EXECUTIVE DIRECTORS

The Chairman and Non-Executive Directors (NEDs) letters of appointment cover the terms of their appointment, including the time commitment expected. Each appointment is for an initial fixed term of three years from the commencement date subject to election by shareholders at the first Annual General Meeting following their appointment and annual re-election thereafter.

Either party may terminate the appointment upon three calendar months written notice and the Company may do so with immediate effect subject to a payment in lieu of notice. Should termination arise as a result of a resolution of shareholders in general meeting, or as a result of a failure to be re-appointed by the shareholders, NEDs will not be entitled to receive any fees in respect of any period after the termination date. No compensation is payable on termination, other than for accrued fees and expenses.

APPROACH TO RECRUITMENT REMUNERATION

The Committee will set a remuneration package for new Executive Directors determining the individual elements of the package and the total package taking account of the skills and experience of the candidate, the market rate, and remuneration levels across the Group, respecting maximum levels for variable pay referred to in the appropriate policy table.

Additional cash and/or share based awards on a one-off basis may be made as deemed appropriate by the Committee if the circumstances require taking into account pay or benefits forfeited by a Director on leaving a previous employer. The Committee has the discretion to make such awards under the LTIP and in excess of the LTIP salary limit or as permitted under Rule 9.4.2 of the Listing Rules (which allows companies to make one off share awards in exceptional circumstances, including recruitment). Such awards will, as far as possible, maintain consistency with the awards forfeited in terms of type of reward (shares or cash), expected value, time horizons and whether they were subject to performance criteria. Other payments may be made for relocation expenses, recruitment from abroad, legal costs, other costs or benefits forfeited by an individual being recruited. None of these payments made on new appointments will be deemed to be taken from the bonus pool.

On the appointment of a new Chairman or Non-Executive Director, the Committee will set the fee level consistent with the approved policy at the time of appointment having due regard to remuneration paid for comparable positions taking account of the time commitment required for the role.

LEGACY ARRANGEMENTS

For the avoidance of doubt, this Directors' Remuneration Policy includes authority for the

Nature of termination:	By Executive Director or Company giving notice (excluding special circumstances).	By Company summarily.	Good leaver: leaving by reason of death, ill health, injury or disability, redundancy, retirement with the agreement of the Committee, the sale of employing business or company, or other special circumstances at the discretion of the Committee
Base salary, pension and benefits	Paid until employment ceases.	Paid until employment ceases.	Paid until employment ceases or for notice period (subject to mitigation) depending on the reason for cessation. Discretion for Company to pay salary, pension and benefits in a single payment or in monthly instalments.
Annual bonus	No entitlement to annual bonus for that financial year.	No entitlement to annual bonus for that financial year.	Cessation during the financial year or after the financial year end, but before payment date, may result in bonus being payable subject to performance (pro-rated for the proportion of the financial year worked unless the Committee determines otherwise).
Deferred bonus award	Deferred bonus awards lapse when employment ceases.	Deferred bonus awards lapse when employment ceases.	Vested unexercised, and unvested deferred bonus awards, may vest and be exercised in accordance with normal terms. Committee has discretion to determine awards which vest when employment ceases.
LTIP awards	Vested unexercised, and unvested long-term incentive awards lapse when employment ceases	Vested unexercised, and unvested long-term incentive awards lapse when employment ceases.	Awards vest in accordance with original terms or, Committee may determine awards to vest early subject to performance at the date when employment ceases. In either case Committee will pro-rate award to reflect performance period that has been worked, except in the case of serious ill health or death when no pro-rating will apply.
Other payments	None.	None.	Possible disbursements such as legal costs, outplacement services and the cost of a settlement agreement.

Group to honour any commitments entered into before the Directors' Remuneration Policy came into effect.

CHANGES IN LEGISLATION OR REGULATION

Authority is given for the Group to comply with all prevailing legislation and statutory regulation both current and future, making the minimum changes to policy in order to so comply.

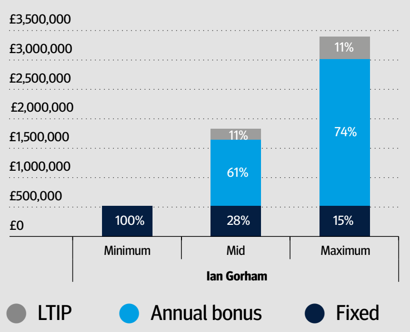
PAY MODELLING AND PERFORMANCE MEASURE SELECTION

The Committee will disclose each year in the Group's annual report a bar chart that models the potential remuneration for each of the Executive Directors for the forthcoming year using a range of assumptions. The chart will show the potential value of the current Executive Directors' remuneration for the forthcoming year for three scenarios; 'minimum', 'maximum' and 'middle scenario':

- The minimum amount represents the unconditional components of the remuneration package: salary, pension and employee benefits.
- The mid-point amount is the amount the Executive Director will receive if they attain at least half of their objectives for the period. It will include both fixed and variable components of remuneration. The variable will reflect performance achieved during the year.
- The maximum level is the maximum amount of remuneration each Executive Director can be awarded in the year. The maximum is subject to the remuneration caps that have been established for each component.

The bar chart uses the maximum share price growth assumption of 30% growth over a three year period for the calculation of the potential value of the LTIP award.

ILLUSTRATION OF 2015



REMUNERATION POLICY FOR OTHER EMPLOYEES

All employees across the Group are subject to the same process in respect of annual salary reviews. Consideration is given to the scope of each role, the level of experience, responsibility, progress in role, and pay levels for similar roles in comparable companies. The performance and potential of the individual is also considered.

All permanent employees are considered for an annual performance bonus with similar metrics to those used for the Executive Directors. All eligible employees (under the rules of the scheme) may also participate in the Group's Save As You Earn and Share Incentive Plans and senior staff may also be awarded share options under the Group's Company Share Option Plan or Executive Share Option Plan where they have displayed exceptional performance.

EXTERNAL BOARD APPOINTMENTS

The Company recognises that external Non-Executive Directorships are beneficial to both the Director and the Company and that its Executive Directors may be invited to become Non-Executive Directors of other companies. Such non-executive duties can broaden experience and knowledge which can benefit the Company. Subject to approval by the Board, Executive Directors are allowed to accept a maximum of two non-executive appointments and retain the fees received, provided that appointments are not likely to lead to conflicts of interest.

CONSULTATION WITH EMPLOYEES

Whilst the Committee does not consult directly with employees in respect of the Directors' remuneration, it does consider the wider salary increase, remuneration arrangements and employment conditions across the wider employee population when setting the remuneration policy for Directors.

CONSIDERATION OF SHAREHOLDER VIEWS

The Committee recognises that Director remuneration is an area of particular interest to our shareholders and in setting and considering changes to remuneration it is critical that we listen to and take into account their views.

The Committee considers shareholder feedback received in relation to the AGM each year at its first meeting following the AGM. This feedback, as well as any additional feedback received during any other meetings with shareholders, is then considered as part of the Company's annual review of the remuneration policy. We also regularly engage with our largest shareholders to ensure we understand the range of views which exist on remuneration issues. When any material changes are made to the Policy, the Committee will discuss these in advance with our major shareholders wherever practical. The Committee will also consult with professional advisors to ensure we consider current market and industry practices, where appropriate.

APPROVAL

The Director's Remuneration Report including Policy, Annual Report and Chairman's Statement have been approved by the Board of Directors and signed on its behalf.

Christopher D. Barling
Chairman of the Remuneration Committee
16 September 2015

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DIRECTORS' REPORT

THE STRATEGIC REPORT AND DIRECTORS' REPORT

The directors present their report on the affairs of the Group and the audited consolidated financial statements of the Group for the year ended 30 June 2015. Accompanying this Directors' Report are the Strategic Report, Corporate Governance Report, Audit Committee Report and Directors' Remuneration Report. These reports form part of the Annual Report.

A review of the business and its future development is set out in the Strategic Report. A description of the principal risks and uncertainties is given on page 26 of the Strategic Report.

CAUTIONARY STATEMENT

The review of the business and its Strategic Priorities in the Annual Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for these strategies to succeed. It should not be relied on by any other party for any other purpose. The review contains forward looking statements which are made by the Directors in good faith based on information available to them up to the time of the approval of these reports and should be treated with caution due to inherent uncertainties including both economic and business risk factors associated with such statements. The Directors, in preparing this Strategic Report, have complied with s417 of the Companies Act 2006.

RESULTS AND DIVIDENDS

The results of the Group are set out in detail on page 72. The Company paid a final dividend and an interim dividend during the period, as detailed in Note 10 to the financial statements. A second interim (final) dividend of 14.30 pence per ordinary share and a special dividend of 11.40 pence per ordinary share were declared after the balance sheet date and will be payable on 30 September 2015 to shareholders on the register at close of business on 18 September 2015. Details of dividend waivers are also detailed in Note 10.

EVENTS AFTER BALANCE SHEET DATE

Details of those important events affecting the Group which have occurred since the end of the financial year are set out in Note 26 to the consolidated financial statements.

EMPLOYEE DISCLOSURES

Our disclosures relating to the employment of disabled persons, the number of women in senior management roles, employee engagement and policies are included in "Our People" on pages 31 to 32.

CORPORATE SOCIAL RESPONSIBILITY

Information about the Company's approach to the environment and sustainability including details of our greenhouse gas emissions are set out on pages 28 to 30.

RISK MANAGEMENT

Details of the Group's policy on risk management has been made in Note 28 of the notes to the consolidated financial statements related to various financial instruments and exposure of the Group to financial, market, liquidity and credit risk.

CORPORATE GOVERNANCE

The Corporate Governance Report found on pages 33 to 43 and, together with this report of which it forms part, fulfills the requirements of the Corporate Governance Statement for the purpose of the Financial Conduct Authority's Disclosure and Transparency Rules (DTR).

SHARE CAPITAL

The Company's shares are listed on the main market of the London Stock Exchange. The Company's authorised and issued share capital during the year and as at 30 June 2015 is shown in Note 22. The ordinary shares rank pari passu in all respects. Save as agreed at the Annual General Meeting of the shareholders, the ordinary shares have pre-emption rights in respect of any future issues of ordinary shares to the extent conferred by Section 561 of the Companies Act.

BENEFICIAL OWNERS OF SHARES WITH 'INFORMATION RIGHTS'

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under

	Number and % of Ordinary Shares at 30 June 2015	Number and % of Ordinary Shares at 30 June 2014
Non-Executive Directors		
C Barling	-	-
M Evans	8,125 (<0.01%)	8,125 (<0.01%)
D Mistry	-	5,308 (<0.01%)
S Robertson	9,890 (<0.01%)	9,890 (<0.01%)
S Garrood	-	n/a
Executive Directors		
I Gorham	332,628 (0.07%)	332,628 (0.07%)
P Hargreaves[1]	-	152,639,678 (32.18%)
T Taylor[2]	-	763,369 (0.16%)
Total	350,643 (0.07%)	153,758,998 (32.43%)

(1) P Hargreaves was no longer an Executive Director at 30 June 2015 and so his shareholding for the purposes of 'Directors Interests' is shown as nil.
(2) T Taylor was no longer an Executive Director at 30 June 2015 and so her shareholding for the purposes of 'Directors Interests' is shown as nil.

section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Equiniti Registrars, or to the Group directly.

Interested Party	Date of notification	Number and % of Ordinary shares
Peter Hargreaves	14 April 2015	152,639,678 (32.18%)
Stephen Lansdown	25 March 2014	75,500,000 (15.92%)
BlackRock, Inc.	25 April 2013	25,552,898 (5.39%)
Baillie Gifford & Co	30 September 2014	23,888,812 (5.04%)

DIRECTORS' INTERESTS

The directors who held office during the year and at 30 June 2015 had interests (including beneficial interests) in the shares of the Company as shown on the previous page. These interests are exclusive of any interests under share options or awards, details of which are set out in the Directors' Remuneration Report.

During the period covered by this report, no director had any material interest in a contract to which the Company or any of its subsidiary undertakings was a party other than their own service contract, requiring disclosure under the requirements of the Companies Act 2006 except in respect of the rental of the office premises at Kendal House as disclosed in Note 27 to the financial statements.

SUBSTANTIAL SHAREHOLDINGS

As at the date of this report, other than the directors' interests which are set out in the table above, the Company has been notified in accordance with the Financial Conduct Authority's Disclosure and Transparency Rules of the following shareholdings amounting to more than 3% of the issued share capital of the Company.

As noted on page 41, there is a Relationship Agreement in place between Peter Hargreaves and the Company.

DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was introduced in August 2014 and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance cover in respect of itself and its Directors against liability which may be incurred acting as directors and officers. Cover was increased from £20 million to £40 million during the year and this remains in force at the date of this report.

MODEL CODE

The Company has its own internal dealing rules which extend the FCA Listing Rules Model Code provisions to all employees.

ANNUAL GENERAL MEETING

At the Annual General Meeting on 23 October 2015, the following three items of special business will be tabled:

1. Authority to purchase own shares: The Company was granted authority at the AGM in 2014 to purchase its own shares up to an aggregate value of 10% of the issued nominal capital. This authority expires at this year's AGM and a special resolution will be proposed for its renewal.

This resolution gives the directors authority to make market purchases of up to 47,431,862 ordinary shares, representing approximately 10 percent of the Company's issued ordinary share capital at 15th September 2015. The directors do not have any present intention of exercising such authority and the authority will expire at the conclusion of the next AGM after the passing of the proposed resolution.

2. and 3. Directors' authority to allot shares and waiver of pre-emption rights: Resolutions are to be proposed as special business at the AGM on 23 October 2015 to enable the directors to allot unissued shares and, subject to the limits therein contained, to allot shares for cash other than to existing shareholders in proportion to their shareholdings.

Allotment of shares - This resolution renews the directors' authority to allot shares. The maximum nominal value of relevant securities that may be allotted pursuant to the authority is £632,424.80, representing 158,106,200 ordinary shares. This amount represents approximately 33.3 percent of the Company's total share capital in issue as at 15th September 2015.

Waiver of pre-emption rights - This resolution renews the directors' authority to issue new shares for cash, without following the statutory pre-emption procedures, so long as: (i) the issue is a rights issue, open offer or other pre-emptive offer, or pursuant to a scrip dividend alternative; or (ii) the aggregate nominal amount of such issue does not exceed £94,863.72 (which represents 5 percent of the issued share capital as at 15th September 2015).

The directors do not have any present intention of exercising either of the authorities and the authorities will expire at the conclusion of the next Annual General Meeting.

These resolutions seek authorities which are in accordance with the current guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

PwC have expressed their willingness to accept appointment as auditor and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

GOING CONCERN

The Directors have assessed, in the light of current and anticipated economic conditions, the Group's ability to continue as a going concern. The principal risks that the Group is challenged with have been set out on page 26 along with how the Directors mitigate these risks in the current economic climate. The Group's business activities, financial position, cash flows, liquidity position, together with the factors likely to affect its future development, performance and position are set out in the Business Review. In addition, Note 28 to the Financial Statements includes the Group's policy on capital management, its exposure to financial risks and its policies and processes to manage those risks.

The Group maintains ongoing forecasts that indicate profitability in 2015/16 and beyond. Stress test scenarios are undertaken, the outcomes of which show that the Group has adequate capital resources for the foreseeable future even in extreme 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 is expected to remain highly liquid in the forthcoming financial year.

After reviewing the Group's financial forecasts including an assessment of regulatory and working capital, the Directors are confident that the Company and the Group have adequate financial resources available to continue in operational existence for the foreseeable future. The going concern basis has continued to be adopted in the preparation of the financial statements.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by and signed on behalf of the Board

Judith Matthews
Company Secretary
16 September 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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 the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy. When arriving at this position the Board was assisted by a number of processes including the following:

- the Annual Report is drafted by appropriate senior management with overall co-ordination by the Chief Financial Officer;
- an extensive verification process is undertaken to ensure factual accuracy; and
- a draft is reviewed by the Audit Committee prior to consideration by the Board.

Each of the directors, whose names and functions are listed in the Governance section of the annual report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the directors' report contained in the Governance section of the annual report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Ian Gorham
Chief Executive
16 September 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARGREAVES LANSDOWN PLC

Report on the financial statements

OUR OPINION

In our opinion:

- Hargreaves Lansdown plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2015 and of the Group's profit and the Group's and the Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

WHAT WE HAVE AUDITED

The financial statements comprise:

- the Consolidated and Parent Company Statements of Financial Position as at 30 June 2015;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Parent Company Statements of Cash Flows for the year then ended;
- the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

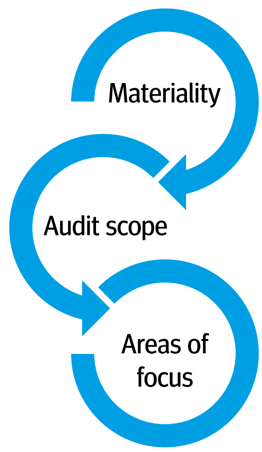
OUR AUDIT APPROACH

Overview

- Overall Group materiality: £9.95 million which represents 5% of profit before tax.

- The Group financial statements are a consolidation of 18 reporting units, 9 of which are dormant.
- We perform a full scope audit of the complete financial information of 2 reporting units, which together represent 94% of the Group's profit before tax.
- Specific procedures were also performed on a further 3 reporting units to audit stockbroking settlement receivables and payables, cash and cash equivalents, shares held by the employee benefit trust (EBT) and the EBT reserve.

- Revenue recognition.



The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risk of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, is identified as an "areas of focus" in the table below. We have also set out how we tailored our audit to address this specific area in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus

Revenue recognition (refer to the Audit Committee report, revenue recognition section of note 2, and note 4)

We focus on revenue recognition because it is material and is an important determinant of the Group's profitability. In addition, there are a number of incentive schemes in place for both directors and staff which are in part based on the Group's revenue performance, and certain share schemes for senior management with earnings per share performance conditions attached to them. As in any organisation where there are incentives based on performance, this gives rise to an inherent risk of fraud in revenue recognition as there is an incentive to overstate revenue.

We have assessed each revenue stream for the in-scope reporting units and determined that there is a significant risk in relation to each of the revenue streams. The risk is dependent upon the opportunity to commit fraud in each revenue stream. Our assessment for each revenue type is as follows:

Type of revenue	Description, including fraud risk factors
Revenue streams calculated by the underlying administration system: *Platform fees* *Management fees* *Renewal commission* *Stockbroking commission*	These revenue streams are calculated based on either the value of assets held or based on the number of trades made by a customer, multiplied by the relevant rate. The value of securities and data on trades is held in the underlying administration system which supports the Vantage and PMS platforms. The rates are derived from the standard rate tables for management fees, platform fees, and stockbroking commission. For renewal commission it is based on agreements with fund groups. Unauthorised changes to these inputs could allow manipulation of revenue.
Revenue streams manually calculated by management: *Multi-manager fund Annual Management Charges (AMCs)* *Interest on client money*	The AMCs are manually calculated by management based on the net asset value of funds provided by Northern Trust, an independent third party, and the published AMC rate. Gross interest on client money is calculated by management based on the deposit balance and the rate agreed with the bank. Opportunity therefore arises from manipulating manual spreadsheet based calculations which are also inherently risky. In addition, a proportion of the gross interest on client money is due to customers, and is calculated based on rate tables and daily cash balances on the Vantage and PMS IT platforms. The net interest is the amount recognised as revenue. Therefore the opportunity to commit fraud on interest on client money also arises from unauthorised changes to the interest rates paid to customers which impacts the revenue recognised by the Group

Asset and transaction based revenue streams

To address the risk identified in the asset and transaction based revenue streams calculated by the underlying administration system, we independently reperformed the calculation of each revenue stream using data extracted from the Group's system. In order to rely on the data extracted, we:

- reconciled transactional data provided from opening positions through to closing positions of individual securities held; and
- tested a sample of transactions to customer instructions and a sample of security positions to stock reconciliations and external sources (such as fund manager statements).

This testing provided sufficient evidence for us to determine that the data extracted was reliable for the purposes of performing the recalculations. Our recalculations were performed as follows:

- using data auditing techniques, we reperformed the calculation of platform fees, management fees, renewal commission and stockbroking commission based on the data extracted from the underlying administration system; and
- we tested the inputs of our recalculations by agreeing standing data, such as fee structures, commission rates, and security prices, to supporting evidence on a sample basis.

In testing the standing data, we noted 1 exception. We extended our sample and found no further exceptions. On the basis of this testing, we determined that it was appropriate for us to use the standing data in order to perform our independent recalculation of each of the revenue streams. We compared our independent recalculation of platform fee, management fee, renewal commission and stockbroking commission to the amount reported and noted differences that, in our view, were trivial and required no further investigation.

Manually calculated revenue streams

Hargreaves Lansdown Fund Managers (HLFM) AMCs

We agreed 100% of the revenue through to cash received in bank statements and manually recalculated the HLFM AMCs. We noted differences that, in our view, were trivial and required no further investigation.

Interest on client money

We manually recalculated the gross interest earned on client money based on records maintained by management, and tested these by agreeing a sample of deposits and interest rates to documentation received from the relevant bank.

Using data auditing techniques, we recalculated the amount of interest paid to clients using the daily cash balance as recorded in the underlying administration system, and standard rates. To rely on the cash data extracted from the system, we tested a sample of cash movements to supporting documentation. In addition, we agreed a sample of rates to those communicated to customers.

No exceptions were noted from our testing of cash movements, or testing of the rates communicated to customers and, on this basis, we determined that it was appropriate for us to use this data in order to perform our independent recalculation of interest paid to clients. We compared our independent recalculation of interest paid to clients to the amount reported and noted differences that, in our view, were trivial and required no further investigation.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group financial statements are a consolidation of 18 separate legal entities. There are five trading subsidiaries, two of which we consider to be financially significant reporting units and on which we performed an audit of their complete financial information.

An entity was considered to be financially significant if it contributed more than 15% of consolidated profit before tax.

In addition, we determined that there were three entities which required an audit of specific account balances, being stockbroking settlement receivables and payables, cash and cash equivalents and shares held by the EBT and the EBT reserve.

All of the audit work was performed by the Group engagement team in the UK as all books and records were available at one location.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£9.95 million (2014: £10.5 million).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	We consider this benchmark is the most appropriate benchmark for a profit orientated group, and is a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate. This basis of calculating materiality is consistent with that applied in the prior year.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £497,000 (2014: £500,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 65, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Parent Company has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed.

As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

Other required reporting

CONSISTENCY OF OTHER INFORMATION

Companies Act 2006 opinions

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & IRELAND) REPORTING

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
• **information in the Annual Report is:** – **materially inconsistent with the information in the audited financial statements; or** – **apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Company acquired in the course of performing our audit; or** – **otherwise misleading.**	We have no exceptions to report arising from this responsibility.
• **the statement given by the directors on page 36, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Parent Company's performance, business model and strategy is materially inconsistent with our knowledge of the Group and Parent Company acquired in the course of performing our audit.**	We have no exceptions to report arising from this responsibility.
• **the section of the Annual Report on page 44, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.**	We have no exceptions to report arising from this responsibility.

ADEQUACY OF INFORMATION AND EXPLANATIONS RECEIVED

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Directors' remuneration report - Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

OTHER COMPANIES ACT 2006 REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

CORPORATE GOVERNANCE STATEMENT

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Parent Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities on page 66, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent 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.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Craig Gentle (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Bristol
16 September 2015

(a) The maintenance and integrity of the Hargreaves Lansdown plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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

Consolidated Income Statement

	Note	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Revenue	4	**395,137**	358,393
Commission payable		**(100,949)**	(66,526)
Staff costs	7	**(53,117)**	(51,280)
Other operating costs		**(38,603)**	(31,734)
FSCS costs		**(4,417)**	(832)
Operating profit	6	**198,051**	208,021
Investment revenue	8	**987**	1,768
Other losses		**-**	(3)
Profit before tax		**199,038**	209,786
Tax	9	**(41,789)**	(47,052)
Profit for the financial year		**157,249**	162,734
Attributable to:			
Owners of the parent		**156,664**	162,091
Non-controlling interest		**585**	643
		157,249	162,734
Earnings per share			
Basic earnings per share (pence)	11	**33.2**	34.5
Diluted earnings per share (pence)	11	**33.1**	34.2

The results relate entirely to continuing operations.

Consolidated Statement of Comprehensive Income

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Profit for the financial year	**157,249**	162,734
Total comprehensive income for the financial year	**157,249**	162,734
Attributable to:-		
Owners of the parent	**156,664**	162,091
Non-controlling interest	**585**	643
	157,249	162,734

Consolidated Statement of Changes in Equity

	Attributable to the owners of the parent								
	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Shares held by EBT reserve £'000	EBT reserve £'000	Retained earnings £'000	**Total £'000**	Non-controlling interest £'000	**Total equity £'000**
At 1 July 2013	1,897	8	12	(21,457)	13,648	202,514	**196,622**	523	**197,145**
Total comprehensive income		-	-	-	-	162,091	**162,091**	643	**162,734**
Employee Benefit Trust:									
Shares sold in the year	-	-	-	10,123	-	-	**10,123**	-	**10,123**
Shares acquired in the year	-	-	-	(4,887)	-	-	**(4,887)**	-	**(4,887)**
EBT share sale	-	-	-	-	(103)	-	**(103)**	-	**(103)**
Employee share option scheme:									
Share-based payments expense	-	-	-	-	-	2,016	**2,016**	-	**2,016**
Current tax effect of share-based payments	-	-	-	-	-	3,848	**3,848**	-	**3,848**
Deferred tax effect of share-based payments	-	-	-	-	-	56	**56**	-	**56**
Dividend paid (Note10)		-	-	-	-	(142,013)	**(142,013)**	(575)	**(142,588)**
At 30 June 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 (Note 27)	-	-	-	-	-	(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	-	-	-	-	(841)	-	**(841)**	-	**(841)**
Employee share option scheme:									
Share-based payments expense	-	-	-	-	-	2,109	**2,109**	-	**2,109**
Current tax effect of share-based investments	-	-	-	-	-	1,305	**1,305**		**1,305**
Deferred tax effect of share-based payments	-	-	-	-	-	(592)	**(592)**	-	**(592)**
Dividend paid (Note 10)	-	-	-	-	-	(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**

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 2015 £'000	At 30 June 2014 £'000
ASSETS			
Non-current assets			
Goodwill	12	**1,333**	1,333
Other intangible assets	13	**4,614**	2,828
Property, plant and equipment	14	**11,990**	12,679
Deferred tax assets	19	**6,118**	6,750
		24,055	23,590
Current assets			
Trade and other receivables	17	**411,705**	303,863
Cash and cash equivalents	18	**216,753**	201,238
Investments	16	**909**	874
Current tax assets		**-**	29
		629,367	506,004
Total assets		**653,422**	529,594
LIABILITIES			
Current liabilities			
Trade and other payables	20	**397,262**	280,922
Provisions	21	**-**	32
Current tax liabilities		**18,861**	20,049
		416,123	301,003
Net current assets		**213,244**	205,001
Non-current liabilities			
Provisions	21	**232**	247
Total liabilities		**416,356**	301,250
Net assets		**237,067**	228,344
EQUITY			
Share capital	22	**1,897**	1,897
Share premium account		**8**	8
Investment revaluation reserve		**-**	-
Capital redemption reserve		**12**	12
Shares held by Employee Benefit Trust reserve		**(13,018)**	(16,221)
EBT reserve		**12,704**	13,545
Retained earnings		**234,963**	228,512
Total equity, attributable to the owners of the parent		**236,566**	227,753
Non-controlling interest		**501**	591
Total equity		**237,067**	228,344

The consolidated financial statements on pages 72 to 104 were approved by the Board of directors and authorised for issue on 16 September 2015 and were signed on its behalf by:

Ian Gorham
Chief Executive

Michael Evans
Chairman

Consolidated Statement of Cash Flows

	Note	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Net cash from operating activities			
Cash generated from operations	23	**212,991**	213,741
Income tax paid		**(41,603)**	(46,720)
Net cash generated from operating activities		**171,388**	167,021
Investing activities			
Interest received		**896**	1,646
Dividends received from investments		**91**	122
Purchase of property, plant and equipment		**(2,590)**	(5,018)
Purchase of intangible assets		**(2,887)**	(2,569)
Purchase of non-controlling interest in subsidiary		**(1,067)**	-
Purchase of available-for-sale investments		**(35)**	(262)
Net cash used in investing activities		**(5,592)**	(6,081)
Financing activities			
Purchase of own shares in EBT		**(2,000)**	(4,887)
Proceeds on sale of own shares in EBT		**4,362**	10,019
Dividends paid to owners of the parent		**(152,071)**	(142,013)
Dividends paid to non-controlling interests		**(572)**	(575)
Net cash used in financing activities		**(150,281)**	(137,456)
Net increase in cash and cash equivalents		**15,515**	23,484
Cash and cash equivalents at beginning of year		**201,238**	177,754
Cash and cash equivalents at end of year	18	**216,753**	201,238

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 Business 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.

Basis of preparation

The consolidated financial statements of Hargreaves Lansdown plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the European Union (EU), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are prepared on a going concern basis as discussed on page 65.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported or the accounting policies in these financial statements:

- IFRS 10 'Consolidated financial statements', which establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes controls as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

- IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. This has required the Group to make additional disclosures regarding the interest in the HLFM Multi-Manager funds that it manages, as the funds are considered to be unconsolidated structured entities. The disclosure has been made in Note 29.

Other new standards that were adopted during the year but had no impact on the financial statements are as follow:
- IFRIC 21 'Levies'
- IFRS 11 'Joint arrangements'
- IAS 27 (revised 2011) 'Separate financial statements'
- IAS 28 (revised 2011) 'Associates and joint ventures'
- Amendment to IAS 36, 'Impairment of assets'
- Amendment to IAS 32, 'Financial instruments: Presentation'

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not yet been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):
- IFRS 9 'Financial instruments'
- IFRS 15 'Revenue from contracts with customers'
- Amendments to IFRS 11 'Joint arrangements'
- Amendments to IAS 16 'Property, plant and equipment'
- Amendments to IAS 38 'Intangible assets'
- Amendments to IFRS 10 'Consolidated financial statements'
- Amendments to IAS 28 (revised 2011) 'Investments in associates and joint ventures'
- Annual improvements to IFRS 2012 - 2014 cycle
- Amendments to IAS 27 (revised 2011) 'Separate financial statements'
- Amendments to IAS 1 'Presentation of Financial Statements'

The Directors are currently investigating whether the adoption of these standards and interpretations will have a material impact on the financial statements of the Group in future periods.

The financial statements have been prepared on the historical cost basis, except for the revaluation of available for sale financial assets and financial assets at fair value through profit and loss. The principal accounting policies adopted are set out below.

Accounting policies as shown below have been consistently applied throughout the current and prior financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and subsidiary undertakings (investees) controlled by the Group made up to 30 June 2015. The Group controls an investee when it has power over an investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more elements of control.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations
The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair value at the acquisition date.

The Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating unit expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are reviewed for impairment at least annually as a matter of course, and whenever an event or change in circumstances occurs which indicates potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS on 1 July 2005 has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 30 June 1997 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is primarily classified as recurring, transactional or other. Recurring revenue principally comprises the revenue streams of renewal income, management fees, platform fees and interest income on client money, while transactional revenue principally comprises initial commission on stockbroking transactions. Revenue is recognised as follows:

Recurring
Renewal income is earned from fund management groups and is recognised on an accruals basis calculated according to the level of assets under the administration, or agency, of the Group primarily at each month-end. Management and platform fees are paid by clients and are recognised on an accruals basis calculated according to the level of applicable assets where fees apply at each month-end. The interest income on client money balances is the net interest margin earned by the Group and is accrued on a time basis, according to the client money balances under administration and by reference to the effective interest rate applicable.

Transactional
The Group's stockbroking and unit trust management subsidiaries earn commission on securities transactions entered into on behalf of clients. The commission earned is recorded in the accounts on the date of the transaction, as this is the date on which the service is provided to the client and the Group becomes entitled to the income.

Notes to the Consolidated Financial Statements

The Group also earns initial commission from annuity services and from third party providers on the set up of group pension schemes. Initial commissions on group pension schemes are deemed to be earned at the policy inception date on those policies where there are only negligible ongoing services. Where ongoing services are provided, an appropriate proportion of the income is deferred over the relevant period. Where such commission is received on an indemnity basis, a provision is made for clawbacks, if any, which would be due if the policy lapses during the indemnity period.

Other

Other income principally represents the amount of fees receivable from the provision of Funds Library services, and is recognised on an accruals basis when the services are provided.

Investment revenue recognition

Interest income is accrued on a time basis by reference to the principal balance and the effective interest rate applicable. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Commission payable, staff costs and other operating costs

Commission payable represents a percentage of renewal income paid to clients as a loyalty bonus. Staff costs represent amounts paid to employees in respect of services provided in the year including wages and salaries, share-based payment expenses, bonuses, payments to a defined contribution retirement benefit scheme and related social security costs. Other operating costs represent those arising as a result of our operations and include depreciation and amortisation. All amounts are recognised on an accrual basis. FSCS costs are those relating to the running of and the levies issued under the Financial Services Compensation Scheme and are recognised in accordance with IFRIC 21.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provisions are recognised for:

- future committed property lease payments when the Group receives no benefit from the property through continuing usage and future receipts from any sub-letting arrangements are not in excess of the Group's future committed payments.
- commissions received on indemnity terms where there may be a liability to repay the commissions received.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share-based payments
The Group has applied the requirements of IFRS 2 Share-based Payments to all grants of equity instruments after 7 November 2002 that were unvested at 1 July 2005.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At each balance sheet date, the Group revises its estimate of the number of options expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Prior to 15 May 2007 the Company's shares were not listed on a stock exchange and therefore, in the absence of a readily available market price for the shares, the share price was based on the market value agreed with HM Revenue & Customs and share price volatility was estimated as the average of the volatility applying to a comparable group of listed companies.

Any gains or losses on sale of the Company's own shares held by the Hargreaves Lansdown Employee Benefit Trust ("EBT") are credited or debited directly to the EBT reserve and are treated as undistributable profits.

Property, plant and equipment
Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged on all plant and equipment based on the estimates of their useful economic lives and expected residual values, which are reviewed annually. Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology. The charge is calculated to write off the cost or valuation, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful life as follows:

Fixtures, fittings, plant and equipment:
- Leasehold property tenants' fixtures and other fixtures – over 3 to 10 years
- Computer hardware – over 3 to 10 years
- Office equipment – over 3 to 10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Leasing
Rentals payable for assets under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Intangible assets excluding goodwill
Other intangible assets comprise computer software and the Group's key operating system which are stated at cost less amortisation and any recognised impairment loss. Amortisation is provided, where material, on all intangible assets excluding goodwill at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful life as follows:

Computer software – over 3 to 8 years

Computer software relates entirely to purchases and does not include any internally generated value. The carrying values of computer software are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Internally generated assets (Assets under construction)
IT development costs are capitalised only to the extent that they lead to the creation of an enduring asset, which delivers benefits at least as great as the amount capitalised and in accordance with the recognition criteria of IAS 38. Development work has been undertaken in-house by IT staff and management to enhance the key operating systems. Until 1 July 2012 this cost was not material and was recognised as an expense, the amounts are now more material and hence the costs are being capitalised as an intangible asset and subsequently amortised over the estimated useful life of

the system. Where such costs relate to an asset that is not yet available for use by the business, they have been separately classified as assets under construction and have not been amortised, but instead been reviewed for impairment.

Internally generated assets

Where IT development costs relate to an asset that is now used amortisation is over an estimated useful life of 8 years. Internal policies exist to identify intangible assets that can be capitalised and in the case of internally generated assets a process of time sheets for IT developers and management time is used to identify the costs to be capitalised.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Dividend recognition

Dividend distributions to the Company's shareholders are recognised in the accounting period in which the dividends are declared and paid, or, if earlier, in the accounting period when the dividend is approved by the Company's shareholders at the Annual General Meeting.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Subsequently appropriate allowances for estimated irrecoverable amounts are made and 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 are included as debtors. Market receivables and payables are presented net where there is a legal right of offset.

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned, and are initially measured at cost, including transaction costs.

The Group's 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 on page 73, 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. If required a fair value adjustment would be recognised upon disposal of the investment.

Investments which are designated as being held at fair value through profit or loss are carried at fair value, being the quoted market price of the listed investment, with any gain or loss reported within the income statement. An investment is classified in this category if it is held principally for the purpose of selling in the short term.

Cash and cash equivalents

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

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. All financial liabilities are measured at amortised cost apart from trade payables.

Trade payables

Trade payables are measured at fair value which is equivalent to amortised cost. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included as creditors. Market debtors and creditors are presented net where there is a legal right of offset.

Interests in other entities

The Group has determined that investment funds that it manages are structured entities. Structured entities include entities that are designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when the relevant activities are directed by means of a contractual relationship. As the Group directs the investing activities of the eight Hargreaves Lansdown Multi-Manager funds through its investment management agreements with them, it considers them to be structured entities. The Group holds interests in these funds through the receipt of management fees, together with ownership interests that it holds. Investments in the funds have been designated at fair value through profit or loss (FVTPL).

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. The areas where a higher degree of judgement or complexity arise, or areas where assumptions and estimates are significant to the consolidated financial statements, are minimal and discussed below.

Share-based payments

In determining the fair value of equity-settled share-based awards and the related charge to the income statement, the Group makes assumptions about the future events and market conditions. In particular, judgement must be formed as to the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined using the Black-Scholes valuation model which is dependent on future estimates, including the Group's future dividend policy, the timing with which the options will be exercised and the future volatility in the price of the Group's shares. Different assumptions about these factors to those made by the Group could affect the reported value of share-based payments. Whilst this is an area of judgement in the financial statements, the value of share-based payments is not materially impacted by the selection of assumptions and consequently no sensitivity analysis has been presented. The main assumptions are provided in Note 25.

4. REVENUE

Revenue represents commission receivable from financial services provided to clients, interest income on client money 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 2015 £'000	Year ended 30 June 2014 £'000
Revenue from services:		
Recurring income	**329,900**	287,293
Transactional income	**58,816**	65,118
Other income	**6,421**	5,982
Total revenue	**395,137**	358,393

Recurring income principally comprises renewal income, management fees, platform fees and interest income on client money. Transactional income principally comprises commission earned from stockbroking transactions. Other income principally represents the amount of fees receivable from the provision of funds data services and research through Library Information Services Ltd to external parties. The policies adopted for the recognition of each significant revenue stream are set out in Note 2 above.

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 is being received from the fund management groups on funds purchased by clients before the RDR implementation date. Where we still receive commission on these pre-RDR or "legacy funds" the vast majority is now passed back to our clients in the form of a significantly higher loyalty bonus which is shown within commission payable in the income statement.

5. 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 2015 and 2014, 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 revenues at arm's length prices, balances and investments in group subsidiaries required on consolidation.

	Vantage £'000	Discretionary/ Managed £'000	Third Party/ Other Services £'000	Group £'000	Consolidation Adjustment £'000	**Consolidated £'000**
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)**
Inter-segment revenue	-	-	-	-	-	**-**
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**
Other losses	-	-	-	-	-	**-**
Reportable segment profit before tax	147,463	39,855	11,516	204	-	**199,038**
Reportable segment assets	398,582	35,022	13,159	249,380	(42,722)	**653,421**
Reportable segment liabilities	(387,092)	(24,966)	(409)	(44,458)	40,571	**(416,354)**
Net segment assets	11,490	10,056	12,750	204,922	(2,151)	**237,067**
Year ended 30 June 2014						
Revenue from external customers	287,219	45,103	26,071	-	-	**358,393**
Commission payable	(66,299)	(159)	(68)			**(66,526)**
Inter-segment revenue	-	4,799	-	-	(4,799)	**-**
Total segment net revenue	220,920	49,743	26,003	-	(4,799)	**291,867**
Depreciation and amortisation	1,853	279	368	-	-	**2,500**
Investment revenue	-	-	-	1,768	-	**1,768**
Other losses	-	-	-	(3)	-	**(3)**
Reportable segment profit before tax	160,565	31,946	16,210	1,065	-	**209,786**
Reportable segment assets	264,894	27,631	16,720	237,673	(17,324)	**529,594**
Reportable segment liabilities	(243,230)	(13,200)	(13,249)	(46,744)	15,173	**(301,250)**
Net segment assets	21,664	14,431	3,471	190,929	(2,151)	**228,344**

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.

Notes to the Consolidated Financial Statements

6. OPERATING PROFIT

Operating profit has been arrived at after charging:

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Depreciation of owned plant and equipment	**3,279**	2,074
Amortisation of other intangible assets	**1,101**	426
Operating lease rentals payable – property	**2,433**	2,365
Office running costs	**4,253**	4,244
Marketing and distribution	**12,737**	11,253

The analysis of auditors' remuneration is as follows:

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Audit fees:		
Fees payable to the Company's auditors for the statutory audit of the company's annual financial statements	**5**	5
Fees payable to the Company's auditors and its associates for the audits of the Company's associates	**105**	89
Audit related assurance services	**110**	24
Total fees:	**220**	118

In the prior year there was a £39,000 overrun on the audit fees which was subsequently recognised as an expense in the year to 30 June 2015 but not included in the fees above. The auditors, PricewaterhouseCoopers LLP, have not received any remuneration for non-audit services of any kind.

7. STAFF COSTS

The average monthly number of employees of the Group (including executive directors) was:

	Year ended 30 June 2015 No.	Year ended 30 June 2014 No.
Operating and support functions	**638**	564
Administrative functions	**272**	230
	910	794
Their aggregate remuneration comprised:	**£'000**	£'000
Wages and salaries	**41,630**	38,528
Social security costs	**4,949**	6,666
Share-based payment expenses	**2,109**	2,016
Other pension costs	**4,429**	4,070
	53,117	51,280

The staff costs above are after stripping out costs that have been capitalised under intangible assets as assets under construction.

The Group aims to attract, motivate and retain high calibre employees by rewarding them with competitive salary and benefit packages, which may be linked to the creation of long-term shareholder value. Salary ranges are established by reference to those prevailing in the employment market generally for employees of comparable status, responsibility and skills. All employees are eligible to be considered for an annual discretionary bonus. In addition to cash bonuses, the Group operates various share-based remuneration schemes as described in Note 25. Other pension costs relate wholly to defined contribution schemes.

8. INVESTMENT REVENUE

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Interest on bank deposits	**896**	1,646
Dividends from equity investment	**91**	122
	987	1,768

9. TAX

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Current tax: on profits for the year	**41,749**	46,723
Current tax: adjustments in respect of prior years	**-**	35
Deferred tax (Note 19):	**41**	235
Deferred tax: adjustments in respect of prior years	**(1)**	59
	41,789	47,052

Corporation tax is calculated at 20.75% of the estimated assessable profit for the year to 30 June 2015 (2014: 22.5%).
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 2015 £'000	Year ended 30 June 2014 £'000
Deferred tax relating to share-based payments	**592**	(56)
Current tax relating to share-based payments	**(1,305)**	(3,848)
	(713)	(3,904)

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. 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 period are taxed at an effective rate of 20.75%. Deferred tax has been recognised at 20%, being the rate substantially enacted at the balance sheet date. 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 2015.

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 2013 received Royal Assent on 17 July 2013 and has reduced the standard rate of UK corporation tax to 20% from 1 April 2015.

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

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Profit before tax from continuing operations	**199,038**	209,786
Tax at the standard UK corporate tax rate of 20.75% (2014: 22.50%)	**41,302**	47,205
Items (allowable)/not allowable for tax	**424**	(396)
Effect of adjustments relating to prior year	**(1)**	94
Impact of the change in tax rate	**64**	149
Tax expense for the year	**41,789**	47,052
Effective tax rate	**21.0%**	22.4%

10. DIVIDENDS

Amounts recognised as distributions to equity holders in the period:

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
2014 Second interim dividend of 15.39p (2013: 14.38p) per share	**72,449**	67,355
2014 Special dividend of 9.61p (2013: 8.91p) per share	**45,248**	41,734
2015 First interim dividend of 7.3p (2014: 7.0p) per share	**34,374**	32,924
Total dividends paid during the year	**152,071**	142,013

After the balance sheet date, the directors declared a second interim (final) ordinary dividend of 14.30 pence per share and a special dividend of 11.40 pence per share payable on 30 September 2015 to shareholders on the register on 18 September 2015. 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 2016 financial statements as follows:

	£'000
2015 Second interim dividend of 14.30p (2014: 15.39p) per share	67,457
2015 Special dividend of 11.40p (2014: 9.61p) per share	53,803

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 2015 No. of shares	Year ended 30 June 2014 No. of shares
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	**2,726,361**	3,547,124
Representing % of called-up share capital	**0.57%**	0.75%

11. 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 1,010,928 at 30 June 2015 (2014: 179,414).

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Earnings (all from continuing operations):		
Earnings for the purposes of basic & diluted EPS - net profit attributable to equity holders of parent company	**156,664**	162,091
Number of shares:		
Weighted average number of ordinary shares for the purposes of diluted EPS	**473,716,102**	474,365,495
Weighted average number of shares held by HL EBT which have not vested unconditionally with employees	**(2,068,619)**	(4,109,730)
Weighted average number of ordinary shares for the purposes of basic EPS	**471,647,483**	470,255,765
Earnings per share:	**Pence**	Pence
Basic EPS	**33.2**	34.5
Diluted EPS	**33.1**	34.2

12. GOODWILL

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Cost - at beginning and end of year	**1,450**	1,450
Accumulated impairment losses		
At beginning and end of year	**117**	117
Carrying amount - at end of year	**1,333**	1,333

The net carrying value of goodwill relates entirely to the acquisition of Hargreaves Lansdown Pensions Direct Limited (HLPD) now named Hargreaves Lansdown Advisory Services Limited (HLAS).

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The Group has prepared financial forecasts for the business for the period to June 2018 which show that the Group as a whole will remain highly profitable and cash generative. Within the forecast, the revenue streams which belong to HLAS, although lower than before the restructuring, are forecast to grow with the company continuing to be profitable. HLAS is profit-making (profit before tax for year ended 30 June 2015 was £3.4 million) and has a net assets position as at 30 June 2015 of £7.8 million, therefore the directors see no reason to impair the value of goodwill and continue to hold it at its carrying amount.

Notes to the Consolidated Financial Statements

13. OTHER INTANGIBLE ASSETS

	Assets under construction £'000	Computer software £'000	Total £'000
Cost			
At 1 July 2013	249	2,966	3,215
Additions	1,045	1,523	2,568
At 30 June 2014	1,294	4,489	5,783
Additions	1,201	1,686	2,887
At 30 June 2015	2,495	6,175	8,670
Accumulated amortisation			
At 1 July 2013	-	2,529	2,529
Charge	-	426	426
At 30 June 2014	-	2,955	2,955
Charge	131	970	1,101
At 30 June 2015	131	3,925	4,056
Carrying amount			
At 30 June 2015	2,364	2,250	4,614
At 30 June 2014	1,294	1,534	2,828
At 30 June 2013	249	437	686

The amortisation charge above is included in other operating costs in the income statement.

Assets under construction are primarily internally generated being IT development staff working on an upgrade of the core IT platform for the business. The internally generated intangible asset under construction is an ongoing project and whilst the system is still being developed to allow it to handle current transactions, tranches of archived information have been transferred across to the new system and therefore amortisation has started despite development work being ongoing.

Computer software includes no internally generated value.

14. PROPERTY, PLANT AND EQUIPMENT

Fixtures, fittings, plant and equipment:

	Computer Hardware £'000	Office Equipment £'000	Total £'000
Cost			
At 1 July 2013	13,715	5,406	19,121
Additions	4,393	625	5,018
Other movements	-	(5)	(5)
At 30 June 2014	18,108	6,026	24,134
Additions	2,534	56	2,590
Other movements	-	-	-
At 30 June 2015	20,642	6,082	26,724
Accumulated depreciation			
At 1 July 2013	7,054	2,330	9,384
Charge	1,535	539	2,074
Other movements	-	(3)	(3)
At 30 June 2014	8,589	2,866	11,455
Charge	2,702	577	3,279
Other movements	-	-	-
At 30 June 2015	11,291	3,443	14,734
Carrying amount			
At 30 June 2015	9,351	2,639	11,990
At 30 June 2014	9,519	3,160	12,679
At 30 June 2013	6,660	3,078	9,737

Other movements relate to assets that are no longer in use.

15. SUBSIDIARIES

A list of the investments in subsidiaries included in the consolidated results of Hargreaves Lansdown plc is shown in Note 4 to the parent company financial statements. One of the subsidiaries is Hargreaves Lansdown Savings Ltd (formerly a dormant company called Hargreaves Lansdown IT & Admin Services). It became active in the year and is the company through which the new cash management services referred to on page 13 are currently being developed.

16. INVESTMENTS

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
At beginning of year	**874**	613
Purchases	**35**	261
At end of year	**909**	874
Comprising:		
Current asset investment - UK listed securities valued at quoted market price	**645**	610
Current asset investment - Unlisted securities valued at cost	**264**	264

£645,000 (2014: £610,000) of investments are classified as held at fair value through profit and loss and £264,000 (2014: £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.

17. TRADE AND OTHER RECEIVABLES

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Financial assets:		
Trade receivables	**380,803**	262,257
Other receivables	**1,460**	6,039
	382,263	268,296
Non-financial assets:		
Prepayments and accrued income	**29,442**	35,567
	411,705	303,863

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 and IFRS, certain balances with clients, Stock Exchange member firms and other counterparties totalling £363.2 million (2014: £242.9 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 £457.1 million and the gross amount offset in the balance sheet with trade payables is £93.9 million. Other than counterparty balances, trade receivables primarily consist of fees and amounts owed by clients and renewal commission owed by fund management groups.

18. CASH AND CASH EQUIVALENTS

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Cash and cash equivalents:		
Restricted cash – balances held by EBT	**7,602**	4,471
Group cash and cash equivalent balances	**209,151**	196,767
	216,753	201,238

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 2015 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 £5,499 million (2014: £4,109 million). The client retains the beneficial interest in these deposits and accordingly they are not included in the balance sheet of the Group.

19. DEFERRED TAX

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 £'000	Share-based payments £'000	Other deductible temporary differences £'000	Total £'000
At 1 July 2013	447	5,173	1,368	**6,988**
(Charge)/credit to income	(302)	11	(3)	**(294)**
Credit to equity	-	56	-	**56**
At 30 June 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**

Notes to the Consolidated Financial Statements

20. TRADE AND OTHER PAYABLES

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Financial liabilities:		
Trade payables	**362,808**	242,153
Social security and other taxes	**9,692**	11,488
Other payables	**12,176**	16,385
	384,676	270,026
Non-financial liabilities:		
Accruals and deferred income	**12,586**	10,896
	397,262	280,922

In accordance with market practice and IFRS, certain balances with clients, Stock Exchange member firms and other counterparties totalling £361.9 million (2014: £241.1 million) are included in trade payables. As stated in Note 17 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 £455.8 million and the gross amount offset in the balance sheet with trade receivables is £93.9 million.

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.

21. PROVISIONS

	Commission on indemnity terms £'000
Included within current liabilities – Commission on indemnity terms	
At 1 July 2013	**127**
Utilised during the year	**(95)**
At 30 June 2014	**32**
Utilised during the year	**(32)**
At 30 June 2015	**-**

The indemnity provision represents management's best estimate of the Group's liability to repay commission received on indemnity terms. The provision is based on past experience and the volume of indemnified commission.

	Property costs £'000
Included within non-current liabilities – Property costs	
At 1 July 2013	**277**
Utilised during the year	**(30)**
At 30 June 2014	**247**
Utilised during the year	**(15)**
At 30 June 2015	**232**

The provision on property-related costs represents the Group's future committed lease payments on non-cancellable leases and other contractual obligations that arise on the surrendering of operating leases. These property provisions are not expected to be fully utilised until 2026.

22. SHARE CAPITAL

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Authorised:		
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.

23. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Profit for the year after tax	**157,249**	162,734
Adjustments for:		
Investment revenues	**(987)**	(1,768)
Income tax expense	**41,789**	47,052
Depreciation of plant and equipment	**3,279**	2,074
Amortisation of intangible assets	**1,101**	426
Loss on disposal	**-**	3
Share-based payment expense	**2,109**	2,016
(Decrease)/increase in provisions	**(47)**	(125)
Operating cash flows before movements in working capital	**204,493**	212,412
(Increase)/decrease in receivables	**(107,842)**	(19,648)
Increase/(decrease) in payables	**116,340**	20,977
Cash generated from operations	**212,991**	213,741

Notes to the Consolidated Financial Statements

24. COMMITMENTS

Operating lease commitments – as lessee

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Minimum lease payments under operating lease recognised as an expense in the year	**2,433**	2,365
At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under the remaining term of non-cancellable operating leases, which fall due as follows:		
Within one year	**2,934**	2,913
In the second to fifth years inclusive	**11,260**	11,313
After five years	**17,500**	20,309
Total minimum lease payments	**31,694**	34,535

Operating lease payments represent rentals payable by the Group for its office properties. The Group leases various offices under non-cancellable operating lease agreements. The leases have varying terms, escalation values and renewal rights.

Capital commitments
At the balance sheet date, the Group had capital commitments of £1,567,000 (2014: £749,000) for IT equipment.

25. SHARE-BASED PAYMENTS

Equity-settled share option scheme
The Group seeks to facilitate significant equity ownership by employees, principally through schemes which encourage and assist the purchase of the Company's shares.

The Group operates four share option and share award plans: the Employee Savings-Related Share Option Scheme ("SAYE"), the Hargreaves Lansdown plc Share Incentive Plan ("SIP"), the Hargreaves Lansdown Company Share Option Scheme (the "Executive Option Scheme") and the Hargreaves Lansdown Joint Share Ownership Plan ("JSOP").

Awards granted under the Employee SAYE scheme vest over five years. Awards granted under the Employee Share Incentive Plan vest over a three-year period. Awards granted under the Executive Option Scheme vest between nil and a maximum of ten years. Options are exercisable at a price equal to the market value of the Company's shares on the date of grant. There are currently no performance conditions attached to any options granted under any of the schemes, although options are forfeited (in most circumstances) if the employee leaves the Group before the options vest.

Interests in shares purchased under the JSOP were granted at under market value, with tax and National Insurance being paid on the difference. The shares must be held for a minimum of three years under the terms of the Deeds and are realisable in only very limited circumstances before that date. There are no performance conditions attached to the shares.

Details of the share options and share awards outstanding during the year are as follows:

	Year ended 30 June 2015 Share options No.	Year ended 30 June 2015 Weighted average exercise price Pence	Year ended 30 June 2014 Share options No.	Year ended 30 June 2014 Weighted average exercise price Pence
SIP				
Outstanding at beginning of the year	58,387	23.5	99,912	23.5
Exercised during the year	(5,887)	23.5	(41,525)	23.5
Outstanding at the end of the year	**52,500**	23.5	**58,387**	23.5
Exercisable at the end of the year	52,500	23.5	58,387	23.5
SAYE				
Outstanding at beginning of the year	1,273,555	506.9	1,457,086	348.6
Granted during the year	366,104	958.0	191,710	1143.0
Exercised during the year	(295,410)	270.5	(318,796)	175.5
Forfeited during the year	(147,609)	932.3	(56,445)	438.7
Outstanding at the end of the year	**1,196,640**	650.6	**1,273,555**	506.9
Exercisable at the end of the year	7,231	268.3	-	-
Executive Option Scheme				
Outstanding at beginning of the year	5,020,372	598.0	6,453,740	467.4
Granted during the year	1,195,665	971.8	771,208	1,154.7
Exercised during the year	(721,998)	491.1	(2,124,676)	404.0
Forfeited during the year	(524,022)	851.5	(79,900)	579.1
Outstanding at the end of the year	**4,970,017**	676.8	**5,020,372**	598.0
Exercisable at the end of the year	587,680	386.2	578,733	513.7
JSOP				
Outstanding at beginning of the year	-	-	333,334	-
Exercised during the year	-	-	(333,334)	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The weighted average market share price at the date of exercise for options exercised during the year was 1,156.16 pence (2014: 1,129.73 pence).

The share options outstanding at the end of each year have exercise prices and expected remaining lives as follows:

	Year ended 30 June 2015	Year ended 30 June 2015	Year ended 30 June 2014	Year ended 30 June 2014
	Share options **No.**	Weighted average expected remaining life	Share options **No.**	Weighted average expected remaining life
Options exercise price range (pence)				
23.5	52,500	0 years	58,387	0 years
195.4	113,540	0 years	163,205	0 years
268.3	7,231	0 years	299,074	0.7 years
347.2	82,780	0 years	203,680	0.7 years
365.0	560,999	1.7 years	595,560	2.7 years
388.8	953,289	0.2 years	974,649	1.2 years
441.3	-	0 years	200,000	0.7 years
447.6	400,000	0 years	400,000	0.2 years
451.9	600,798	1.2 years	636,433	2.2 years
477.1	80,421	0.7 years	86,240	1.7 years
595.0	212,897	0.7 years	212,897	1.7 years
606.3	69,272	0.7 years	424,800	0.2 years
631.5	443,500	2.3 years	493,500	3.3 years
687.0	360,000	0.3 years	480,000	1.3 years
831.0	-	0 years	60,000	3.6 years
868.0	91,629	2.7 years	100,970	3.7 years
888.1	45,495	1.6 years	53,208	2.6 years
931.8	865,438	3.3 years	-	0 years
958.0	366,104	4.8 years	-	0 years
980.0	306,000	4.3 years	318,000	4.3 years
1,126.0	166,071	4.7 years	-	0 years
1,143.0	90,256	3.8 years	191,710	4.8 years
1,238.1	50,937	2.0 years	-	0 years
1,329.0	300,000	1.6 years	400,000	2.6 years
	6,219,157	1.0 years	6,352,313	1.8 years

Notes to the Consolidated Financial Statements

25. SHARE-BASED PAYMENTS (CONTINUED)

The fair value at the date of grant of options awarded during the year ended 30 June 2015 and the year ended 30 June 2014 has been estimated by the Black-Scholes methodology and the principal assumptions required by the methodology were as follows:

	At 30 June 2015	At 30 June 2014
Weighted average share price	**1,081.21p**	1,198.42p
Expected dividend yields	**3.43%**	2.73%
SAYE		
Weighted average exercise price	**958.00p**	1,143.00p
Expected volatility	**34%**	33%
Risk-free rate	**1.04%**	1.87%
Expected life	**5 years**	5 years
Executive scheme		
Weighted average exercise price	**971.78p**	1,154.68p
Expected volatility	**31%**	34%
Risk-free rate	**1.29%**	1.28%
Expected life	**4.1 years**	3.8 years

The expected volatility
The expected Hargreaves Lansdown Plc share price volatility was determined by calculating the historical volatility of the Group's share price since flotation in May 2007.

Prior to 15 May 2007 the Company's shares were not listed on a stock exchange and therefore no readily available market price existed for the shares. The share price of share option awards granted prior to 15 May 2007 were based on the latest market value agreed with HM Revenue & Customs using an earnings multiples approach based on comparable quoted companies. Similarly, share price volatility was estimated as the average of the volatility experienced by a comparable group of quoted companies. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Since 15 May 2007, a quoted market price has been available for the Company's shares.

The Group recognised total expenses related to equity-settled share-based payment transactions as shown in Note 7.

26. EVENTS AFTER BALANCE SHEET DATE

On 9 September 2015 the directors proposed a second interim ordinary dividend payment of 14.30 pence per ordinary share and a special dividend of 11.40 pence per ordinary share, payable on 30 September 2015 to all shareholders on the register at the close of business on 18 September 2015 as detailed in Note 10.

As mentioned in the Chief Executive's Review, two deals have been signed with third party companies who wish to transfer their books of business to Hargreaves Lansdown post year-end. In total the deals could mean an additional 12,000 clients and £430 million of assets transfer across to the Vantage platform in the autumn of 2015 after the date of approval of the Report and Financial Statements.

27. RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its subsidiaries, and with its directors and members of the Executive Committee (the "key management personnel"). Transactions between the Company and its key management personnel are disclosed below. Details of transactions between the Company and other related parties are also disclosed below.

Trading transactions

The Company entered into the following transactions with directors within the Hargreaves Lansdown Group and related parties who are not members of the Group:

During the years ended 30 June 2015 and 30 June 2014 the Company has been party to a lease with P K Hargreaves, a director until 14 April 2015, for rental of the old head office premises at Kendal House. A ten-year lease was signed on 6 April 2011 for a rental of part of the building, to be used for disaster recovery purposes at a market rate rent of £105,000 per annum. No amount was outstanding at either year-end.

During the year the Company settled certain personal expenses on behalf of one director, all of which were subject to subsequent reimbursement from the director. At the year end the amount outstanding was £nil (2014: £4,999).

On 7 November 2014, the Group agreed to purchase 30 shares in its subsidiary, Library Information Services Ltd (LIS), in an arm's length transaction; increasing the Group's share-holding from 75% to 78%. The shares were purchased from Stuart Louden the founder director of LIS and currently the only other shareholder, who is an employee of Hargreaves Lansdown Asset Management Limited. The price paid per share was £35,405. There is no readily available market for these shares and hence a valuation was arrived at based on a multiple of operating profit. The directors of Hargreaves Lansdown plc deemed this to be a fair price in the circumstances. The total amount paid was £1,062,150 and this was settled in cash on 17 December 2014.

During the years ended 30 June 2015 and 30 June 2014 the Group has provided a range of investment services in the normal course of business to shareholders on normal third party business terms. Directors and staff are eligible for a slight discount on some of the services provided.

Remuneration of key management personnel

The remuneration of the key management personnel of the Group, being those personnel who were either a member of the Board of a Group company or a member of the Executive Committee during the relevant year shown below, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Short-term employee benefits	**5,787**	8,813
Post-employment benefits	**378**	590
Termination benefits	**183**	50
Share-based payments	**924**	1,141
	7,272	10,594

Notes to the Consolidated Financial Statements

27. RELATED PARTY TRANSACTIONS (CONTINUED)

In addition to the amounts above, 3 key management personnel (2014: 9) received gains of £3,685,000 (2014: £12,168,000) as a result of exercising share options. During the year awards under the long term incentive schemes were made to 9 key management personnel (2014: 10).

Included within the previous table are the following amounts paid to directors of the Company who served during the relevant year. Full details of directors' remuneration including numbers of shares exercised are shown in the Remuneration Committee report.

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Short-term employee benefits	**1,723**	3,318
Post-employment benefits	**83**	108
Termination benefits	**183**	-
Share-based payments	**170**	278
	2,159	3,704

In addition to the amounts above, directors of the Company received gains £nil relating to the exercise of share options (2014: £9,016,000).

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Emoluments of the highest paid director	**1,392**	2,036
	No.	No.
Number of directors who exercised share options during the year	**-**	2
Number of directors who were members of money purchase pension schemes	**2**	2

Any amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received in respect of amounts outstanding. No provisions have been made for doubtful debts in respect of the amounts owed by the related parties.

28. FINANCIAL INSTRUMENTS

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values. Market values have been used to determine the fair values of cash and cash equivalents, and available-for-sale financial assets where there is a quoted market price. Investments in equity instruments which do not have a quoted market price in an active market or whose fair value cannot be reliably measured are measured at cost.

	Level 1	Level 2	Level 3	**Total**
	Quoted prices for similar instruments £'000	Directly observable market inputs other than Level 1 inputs £'000	Inputs not based on observable market data £'000	
At 30 June 2015				
Financial assets at fair value through profit or loss	645	-	-	**645**
Available-for-sale financial assets	-	-	264	**264**
	645	-	264	**909**
At 30 June 2014				
Financial assets at fair value through profit or loss	610	-	-	**610**
Available-for-sale financial assets	-	-	264	**264**
	610	-	264	**874**

There were no transfers between Level 1 and Level 2 and no reduction in level 3 assets during the year (2014: £nil).

28. FINANCIAL INSTRUMENTS (CONTINUED)

Nature and extent of risks arising from financial instruments

(a) Financial risk management

Financial assets principally comprise trade and other receivables, cash and cash equivalents, and current asset listed and unlisted investments. Financial liabilities comprise certain provisions and trade and other payables. The main risks arising from financial instruments are market risk (including interest rate risk, foreign exchange risk and price risk), liquidity risk, and credit risk. Each of these risks is discussed in detail below.

The Group monitors financial risks on a consolidated basis. Hargreaves Lansdown's financial risk management is based upon sound economic objectives and good corporate practice. No hedging transactions have taken place during the years presented. The Group has designed a framework to manage the risks of its business and to ensure that the directors have in place risk management practices appropriate to a listed company. The management of risk within the Group is governed by the Board.

(b) Market risk

– Interest rate risk

Interest rate risk is the risk that the Group will sustain losses from adverse movements in interest-bearing assets. There is an exposure to interest rates on banking deposits held in the ordinary course of business. At 30 June 2015 the value of financial instruments on the Group balance sheet exposed to interest rate risk was £216.75 million (2014: £201.24 million) comprising cash and cash equivalents. A 50bps (0.5%) move in interest rates, in isolation, would impact investment income by c. £0.9 million per annum. This impact, after taking into account the corresponding increase/decrease in the Group's tax charge, would lead to a change in retained profit for the year. This exposure is continually monitored to ensure that the Group is maximising its interest earning potential within accepted liquidity and credit constraints. The Group has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are also made for varying periods of between one day and 13 months depending on the immediate cash requirements of the Group and earn interest at the respective fixed term deposit rates.

As a source of revenue is based on the value of client cash under administration, the Group has an indirect exposure to interest rate risk on cash balances held for clients. These balances are not on the Group balance sheet but amounted to £5,392million (2014: £4,045 million).

– Foreign exchange translation and transaction risk

Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. With substantially all of the Group's businesses located within the UK, and therefore with minimal net assets and transactions of the Group denominated in foreign currencies, the Group is not exposed to significant foreign exchange translation or transaction risk and as such does not hedge any foreign current assets or liabilities. The Group deals in foreign currencies on a matched basis on behalf of clients, limiting foreign exchange exposure. Given the limited nature of transactions and assets involving foreign currencies no sensitivity analysis has been conducted as the impact would be minimal.

– Price risk

Price risk is the risk that a decline in the value of assets adversely impacts on the profitability of the Group as a result of an asset not meeting its expected value. The Group is exposed to price risk on corporate investments held on the Group balance sheet. At 30 June 2015, the fair value of investments recognised on the Group balance sheet was £909,000 (2014: £874,000). A 20% move in equity prices, in isolation, would not have a material impact on the Group balance sheet or results.

As a main source of revenue is based on the value of client assets under administration, the Group has an indirect exposure to security price risk on investments held for clients. These assets are not on the Group balance sheet. The risk of lower revenues is partially mitigated by asset class diversification. The Group does not hedge its revenue exposure to movements in the value of client assets arising from these risks, and so the interests of the Group are aligned to those of its clients.

In addition, the Group acts as a private client investment manager, unit trust manager and agency stockbroker on a matched basis so its exposure to market price movements in this capacity is limited to when there is a trade mismatch or error, or if one matched counterparty fails to fulfil its obligations. The impact of these risks is minimised by limits and monitoring controls.

(c) Liquidity risk

The Group is exposed to liquidity risk, namely the risk that it may be unable to meet its payment obligations as they fall due. The Group is highly cash generative and holds significant liquid assets. The Group actively maintains a proportion of cash balances on short-term deposit to ensure that the Group has sufficient available funds for operations.

28. FINANCIAL INSTRUMENTS (CONTINUED)

The table below analyses the maturities of the undiscounted cash flows relating to financial liabilities of the Group based on the remaining period to the contractual maturity date at the balance sheet date.

	0-3 months £'000	3-6 months £'000	6-12 months £'000	Over 1 year £'000	**Total £'000**
At 30 June 2015					
Trade and other payables:					
Trade payables	362,808	-	-	-	**362,808**
Other payables	11,793	-	-	383	**12,176**
	374,601	-	-	383	**374,984**
At 30 June 2014					
Trade and other payables:					
Trade payables	242,153	-	-	-	**242,153**
Other payables	16,385	-	-	-	**16,385**
	258,538	-	-	-	**258,538**

(d) Credit risk

The Group has no significant concentration of credit risk as credit exposure is spread over a large number of counterparties and customers.

Within the Group's Stockbroking operation, the Group is exposed to credit risk from counterparties to a securities transaction during the period between the trade date and the settlement date. This period is generally three business days. The Group has credit exposure that extends beyond the original settlement date if the counterparty fails either to make payment or to deliver securities. These transactions are with financial institutions and clients. Settlement risk is substantially mitigated as a result of the delivery versus payment mechanism whereby, if a counterparty fails to make payment, the securities would not be delivered to the counterparty. In that instance, the securities could be sold in the market and therefore the economic substance of the transaction is that securities serve as collateral in the case of delivery versus payment trade debtors. As a result, the risk exposure is effectively to an adverse movement in market prices between the time of trade and settlement.

Other credit risk within the Group is primarily attributable to its trade receivables and the majority represents balances due from other regulated financial institutions where there is an ongoing relationship between the Group and institution. Credit risk is therefore considered to be limited. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Cash is held with UK banks. The credit risk on liquid funds is minimised because the counterparties are banks with strong credit-ratings assigned by international credit-rating agencies. The Group takes a conservative approach to treasury management and selection of banking counterparties, and carries out regular reviews of all its banks' and custodians' credit ratings.

As at the balance sheet date, no financial assets were individually determined to be impaired.

The following table discloses the Group's maximum exposure to credit risk on financial assets:

	At 30 June 2015 £'000	At 30 June 2014 £'000
Loans and receivables at amortised cost:		
Cash and cash equivalents	**216,753**	201,238
Trade and other receivables	**382,263**	268,296
Financial assets at fair value through profit or loss:		
Financial investments	**645**	610
Available-for-sale financial assets:		
Financial investments	**264**	264
	599,925	470,408

Notes to the Consolidated Financial Statements

28. FINANCIAL INSTRUMENTS (CONTINUED)

The following table contains an analysis of financial assets that are past due but not impaired at the balance sheet date. An asset is past due when the counterparty has failed to make a payment when contractually due.

	Neither impaired nor past due £'000	0-3 months past due £'000	3-6 months past due £'000	6-12 months past due £'000	Over 12 months past due £'000	**Total £'000**
At 30 June 2015						
Trade and other receivables:						
Trade receivables	378,414	1,559	518	281	31	**380,803**
Other receivables	1,460	-	-	-	-	**1,460**
	379,874	1,559	518	281	31	**382,263**
Held-for-trading assets	645	-	-	-	-	**645**
Available-for-sale assets	264	-	-	-	-	**264**
	380,783	1,559	518	281	31	**383,172**
At 30 June 2014						
Trade and other receivables:						
Trade receivables	252,363	8,386	657	770	81	**262,257**
Other receivables	6,039	-	-	-	-	**6,039**
	258,402	8,386	657	770	81	**268,296**
Held-for-trading assets	610	-	-	-	-	**610**
Available-for-sale assets	264	-	-	-	-	**264**
	259,276	8,386	657	770	81	**269,170**

The table on the next page shows the credit quality of financial assets that are neither past due nor impaired using the following counterparty gradings:

- Financial institutions
  In respect of trade receivables, £90.2 million (2014: £49.9 million) is due from financial institutions regulated by the Financial Conduct Authority (FCA) in the course of settlement as a result of daily trading and £9.0 million (2014: £10.8 million) relates to revenue items due from financial institutions regulated by the FCA.

- Individuals
  In respect of trade receivables, the balance is related to amounts due from individual clients in the course of settlement as a result of daily trading.

28. FINANCIAL INSTRUMENTS (CONTINUED)

The table below shows the credit quality of financial assets that are neither past due nor impaired.

	Financial institutions £'000	Corporate clients £'000	Individuals £'000	**Total £'000**
At 30 June 2015				
Trade receivables	99,191	169	279,054	**378,414**
Other receivables	1,460	-	-	**1,460**
Held-for-trading assets	645	-	-	**645**
Available-for-sale assets	264	-	-	**264**
	101,560	169	279,054	**380,783**
At 30 June 2014				
Trade receivables	60,718	18	191,628	**252,364**
Other receivables	6,039	-	-	**6,039**
Held-for-trading assets	610	-	-	**610**
Available-for-sale assets	264	-	-	**264**
	67,631	18	191,628	**259,277**

Capital management

It is the Group's policy to maintain a strong capital base. The Group's objectives when managing capital are i) to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; ii) to maintain a strong capital base and utilise it efficiently to support the development of its business; and iii) to comply with the regulatory capital requirements set by the Financial Conduct Authority ("FCA"). Capital adequacy and the use of regulatory capital are monitored by the Group's management and Board.

Regulatory capital is determined in accordance with the requirements of the Capital Requirements Directive prescribed in the UK by the FCA. The Directive requires continual assessment of the Group's risks in order to ensure that the higher of Pillar 1 (Minimum Capital Requirements) and Pillar 2 (Supervisory Review) requirements is met.

Pillar 2 requires firms to assess firm-specific risks not covered by the formulaic requirements of Pillar 1 and, where necessary, maintain additional capital - the objective being to ensure that the regulated firms have adequate capital to enable them to manage their risks. The Group completes its assessment of regulatory capital requirements using its Individual Capital Adequacy Assessment Process ("ICAAP") under Pillar 2, which is a forward looking exercise that includes stress testing on major risks, such as a significant market downturn, and identifying mitigating action. The ICAAP covers current as well as projected capital requirements, and is used to manage regulatory capital.

Surplus regulatory capital was maintained throughout the year at both a consolidated Group level, as well as at an individual regulated entity level. Under the requirements of Pillar 3 (Disclosure), the Group is required to disclose regulatory capital information, and has done so by making the disclosures available in the Group's website at http://www.hl.co.uk/investor-relations/pillar-3-disclosures.

Notes to the Consolidated Financial Statements

29. INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group has determined that investment funds that it manages are structured entities. Structured entities include entities that are designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when the relevant activities are directed by means of a contractual relationship. As the Group directs the investing activities of the eight Hargreaves Lansdown Multi-Manager funds through its investment management agreements with them, it considers them to be structured entities. The Group holds interests in these funds through the receipt of management fees, together with ownership interests that it holds. Investments in the funds have been designated at fair value through profit or loss (FVTPL).

Where the Group has an equity holding in the funds, the maximum exposure to loss relates to future management fees should the market value of the funds decrease, plus the fair value of the Group's investment in that fund.

Structured entities with direct holdings

Direct investments in structured entities relate to box positions held by Hargreaves Lansdown Fund Managers Ltd and through portfolios held in Hargreaves Lansdown Asset Management Ltd which mimic holdings in the Portfolio Management Service and HL Portfolio+.

The table below shows the details of unconsolidated structured entities in which the group has direct holdings as at 30 June 2015.

Type	Number of funds	Net AUM of funds £m	Financial assets at FVTPL £'000	Annual management charge £'000	Annual management charge receivable as at 30 June 2015 £'000
Unit Trust	8	5,551	268	36,520	3,528

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2015 £'000	At 30 June 2014 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	4	**3,219**	2,152
Other intangible assets		**4**	-
Deferred tax assets	5	**19**	21
		3,242	2,173
Current assets			
Trade and other receivables	6	**118**	192
Cash and cash equivalents	7	**127,133**	188,172
Current tax asset		**9**	-
		127,260	188,364
Total assets		**130,502**	190,537
LIABILITIES			
Current liabilities			
Trade and other payables	8	**2,990**	64,577
Current tax liabilities		**-**	140
		2,990	64,717
Net current assets		**124,270**	123,647
Total liabilities		**2,990**	64,717
Net assets		**127,512**	125,820
EQUITY			
Share capital	10	**1,897**	1,897
Share premium account	11	**8**	8
Capital redemption reserve	11	**12**	12
Retained earnings	11	**125,595**	123,903
Total equity		**127,512**	125,820

The financial statements of Hargreaves Lansdown plc, registered number 02122142, on pages 105 to 111 were approved by the Board of directors and authorised for issue on 16 September 2015.

Ian Gorham
Chief Executive

Michael Evans
Chairman

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	**Total £'000**
At 1 July 2013	1,897	8	12	121,931	**123,848**
Total comprehensive income	-	-	-	143,985	**143,985**
Dividend paid	-	-	-	(142,013)	**(142,013)**
At 30 June 2014	1,897	8	12	123,903	**125,820**
Total comprehensive income				153,763	**153,763**
Dividend paid	-	-	-	(152,071)	**(152,071)**
At 30 June 2015	1,897	8	12	125,595	**127,512**

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.

Details of the Company's dividends are as set out in Note 10 to the consolidated financial statements.

PARENT COMPANY STATEMENT OF CASH FLOWS

	Note	**Year ended 30 June 2015 £'000**	Year ended 30 June 2014 £'000
Net cash from operating activities			
Cash (used in)/generated from operations	9	**(61,600)**	24,074
Income tax paid		**(175)**	(68)
Net cash (used in)/generated from operating activities		**(61,775)**	24,006
Investing activities			
Interest received		**217**	563
Dividends received from investments		**153,663**	143,600
Purchase of intangible fixed assets		**(6)**	-
Proceeds on disposal of available-for-sale investments		**-**	1
Purchase of investment in subsidiary		**(1,067)**	
Net cash generated from investing activities		**152,807**	144,164
Financing activities			
Dividends paid to owners of the parent		**(152,071)**	(142,013)
Net cash used in financing activities		**(152,071)**	(142,013)
Net (decrease)/increase in cash and cash equivalents		**(61,039)**	26,156
Cash and cash equivalents at beginning of year		**188,172**	162,016
Cash and cash equivalents at end of year	7	**127,133**	188,172

Notes to the Company Financial Statements

1. General information

Hargreaves Lansdown plc (the "Company") 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 Company is the parent company of the Hargreaves Lansdown plc Group, and the nature of the Group's operations and its principal activities are set out in the Business Review.

The Company financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

Basis of preparation

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the European Union (EU), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company financial statements are prepared on a going concern basis. The directors believe that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date the financial statements are adopted.

The financial statements have been prepared on the historical cost basis. Accounting policies have been applied consistently throughout the current and prior financial year.

2. Significant accounting policies

The accounting policies of the Company are the same as those of the Group which are set out in Note 2 to the consolidated financial statements, except that it has no policy in respect of consolidation and investments in subsidiaries are carried at historical cost, less any provisions for impairment.

3. Profit for the year

As permitted by Section 408 of the Companies Act 2006, no income statement or statement of comprehensive income is presented for the Company. The Company's profit after tax for the year was £153,763,000 (2014: £143,985,000).

The auditor's remuneration for audit and other services is disclosed in Note 6 to the consolidated financial statements.

4. Investment in subsidiaries

No investments are classified as available-for-sale (2014: £nil).

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Investments in subsidiaries		
At beginning of year	**2,152**	2,152
Purchases	**1,067**	-
At end of year	**3,219**	2,152
Comprising:		
Non-current investments - Investments in subsidiaries valued at cost less impairment	**3,219**	2,152

During the year the Company increased its ownership in its subsidiary Library Information Services Ltd to 78% following a purchase of 3% of its shares. Further details of the transaction can be found in Note 27 of the consolidated financial statements.

Notes to the Company Financial Statements

4. Investment in subsidiaries (continued)

A list of the investments in subsidiaries, all of which are incorporated in the UK is shown below. Investments in subsidiaries are shown at cost, which is the fair value of the consideration paid. All subsidiaries have one ordinary class of share only and unless disclosed otherwise below all shares are held by Hargreaves Lansdown plc.

Subsidiary Company Name	Company Registered Number	Company Purpose/ Function	Shares Held by HL plc
Hargreaves Lansdown Advisory Services Ltd (formerly Hargreaves Lansdown Pensions Direct)	03509545	Advisory services	100%
Hargreaves Lansdown Asset Management Ltd	01896481	Unit trust and equity broking, investment fund management, life and pensions consultancy	100%
Hargreaves Lansdown Fund Managers Ltd	02707155	Unit trust management	100%
Library Information Services Ltd **	02264702	Data provider	78%
Hargreaves Lansdown Stockbrokers Ltd	01822701	Stockbroking	100%
Hargreaves Lansdown (Nominees) Ltd	01824226	Nominee services	100%
Hargreaves Lansdown Insurance Brokers Ltd	01874058	Dormant company *	100%
Hargreaves Lansdown Investment Management Ltd (100% shares held by Hargreaves Lansdown Fund Managers Ltd)	04021749	Dormant company *	100%
Hargreaves Lansdown Savings Ltd (formerly Hargreaves Lansdown IT & Administration Services)	08355960	Cash services	100%
Hargreaves Lansdown Pensions Ltd (100% shares held by Hargreaves Lansdown Advisory Services Ltd)	03977269	Dormant company *	100%
Hargreaves Lansdown Pensions Trustees Ltd	01733872	Dormant company *	100%
Hargreaves Lansdown EBT Trustees Ltd	03398693	Trustee of the Employee Benefit Trust *	100%
Hargreaves Lansdown Trustee Company Ltd	05794815	Trustee of the Share Incentive Plan *	100%

* Exempt from the requirements to prepare, file and audit individual financial statements under s349A and s479A of Companies Act 2006.
* * During the year ownership was increased from 75% to 78%; see Note 27 of the consolidated financial statements for further details.

5. Deferred tax

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 £'000	Other deductible temporary differences £'000	**Total £'000**
At 1 July 2013	15	11	**26**
Charge to income	(4)	(1)	**(5)**
At 30 June 2014	11	10	**21**
Charge to income	(1)	(1)	**(2)**
At 30 June 2015	10	9	**19**

Notes to the Company Financial Statements

6. Trade and other receivables

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Financial assets:		
Amounts receivable from subsidiaries and EBT	**60**	-
	60	-
Non-financial assets:		
Prepayments and accrued income	**58**	192
	118	192

7. Cash and cash equivalents

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Cash and cash equivalents:		
Group cash and cash equivalent balances	**127,133**	188,172

Cash and cash equivalents comprise cash and institutional cash funds with near-instant access held by the Group.

No disclosures for financial instruments have been made in respect of the Company as the only significant financial instruments held by the Company are cash and cash balances as shown above.

8. Trade and other payables

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Financial liabilities:		
Amounts payable to subsidiaries	**2,934**	64,504
Social security and other taxes	**5**	4
Other payables	**34**	30
	2,973	64,538
Non-financial liabilities:		
Accruals and deferred income	**17**	39
	2,990	64,577

Amounts payable to subsidiaries comprise short-term borrowing from subsidiaries, repayable on demand. The fair values of amounts owed to subsidiaries are equal to their carrying amounts.

Notes to the Company Financial Statements

9. Notes to the company statements of cash flows

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Profit for the year after tax	**153,764**	143,985
Adjustments for:		
Investment revenues	**(153,880)**	(144,163)
Other (gains)/losses	**-**	(1)
Income tax expense	**28**	204
Amortisation of the intangible asset	**1**	-
Operating cash flows before movements in working capital	**(87)**	25
Decrease in receivables	**74**	6,127
(Decrease)/increase in payables	**(61,587)**	17,922
Cash (used in)/generated from operations	**(61,600)**	24,074

10. Share capital
Details of the Company's share capital are as set out in Note 22 to the consolidated financial statements.

11. Reserves
The share premium account represents the difference between the issue price and the nominal value of shares issued and was unchanged at £8,000 throughout the 2014 and 2015 financial years.

The capital redemption reserve relates to the repurchase and cancellation of the Company's own shares and was unchanged at £12,000 throughout the 2014 and 2015 financial years.

Details of the movements in Retained Earnings are set out in the Parent Company Statement of Changes in Equity.

12. Related party transactions
The key management personnel of the Group and the Company are the same. The relevant disclosures are given in Note 27 to the consolidated financial statements.

The Company has no employees (2014: nil).

As discussed in Note 25 to the consolidated financial statements, the Group provides share-based compensation to employees through a number of schemes; these are all in relation to shares in the Company and the cost of providing those benefits is recharged to the employing companies in the Group.

The Company entered into the following transactions with subsidiaries and the Employee Benefit Trust, which are related parties.

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Dividends received from subsidiaries	**153,663**	143,600
Management charges to subsidiaries	**716**	716
Amount owed to related parties at 30 June	**2,934**	64,504
Amounts owed by related parties at 30 June	**60**	-

Any amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received in respect of amounts outstanding. No provisions have been made for doubtful debts in respect of the amounts owed by the related parties.

13. Events after balance sheet date

There were no events after the balance sheet date.

14. Capital management

Note 28 to the Consolidated Financial Statements includes the Group's policy on capital management, its exposure to financial risks and its policies and processes to manage those risks.

DIRECTORS, COMPANY SECRETARY, ADVISERS AND SHAREHOLDER INFORMATION

EXECUTIVE DIRECTORS
Ian Gorham

NON-EXECUTIVE DIRECTORS
Chris Barling
Michael Evans
Shirley Garrood
Dharmash Mistry
Stephen Robertson

COMPANY SECRETARY
Judy Matthews

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP, Bristol

SOLICITORS
Osborne Clarke LLP, Bristol
Burges Salmon LLP, Bristol

PRINCIPAL BANKERS
Lloyds Bank plc, Bristol

BROKERS
Barclays
Numis Securities Limited

REGISTRARS
Equiniti Limited

REGISTERED OFFICE
One College Square South
Anchor Road
Bristol
BS1 5HL

WEBSITE
www.hl.co.uk

COMPANY NUMBER
02122142

Five Year Summary

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Revenue	**395,137**	**358,393**	**292,403**	**238,741**	**207,904**
Commission payable / loyalty bonus	(100,949)	(66,526)	(23,205)	(16,356)	(15,698)
Net revenue *	**294,188**	**291,867**	**269,198**	**222,385**	**192,206**
Operating costs	(91,720)	(83,014)	(77,270)	(66,999)	(64,115)
Underlying operating profit	**202,468**	**208,853**	**191,928**	**155,386**	**128,091**
FSCS costs **	(4,417)	(832)	532	(4,774)	(3,646)
Operating profit	**198,051**	**208,021**	**192,460**	**150,612**	**124,445**
Investment revenue	987	1,768	2,879	2,229	1,496
Other (losses) and gains	-	(3)	(155)	(2)	72
Profit before tax	**199,038**	**209,786**	**195,184**	**152,839**	**126,013**
Tax	(41,789)	(47,052)	(46,195)	(39,520)	(34,066)
Profit after tax	**157,249**	**162,734**	**148,989**	**113,319**	**91,947**
Non-controlling interests	(585)	(643)	(598)	(359)	(127)
Profit for the financial year attributable to owners of the parent company	**156,664**	**162,091**	**148,391**	**112,960**	**91,820**
Equity shareholders' funds	**236,566**	**227,753**	**196,622**	**156,994**	**130,801**
Weighted average number of shares for the purposes of diluted EPS (million)	**473.72**	**474.37**	**471.92**	**469.42**	**469.07**
	Pence	**Pence**	**Pence**	**Pence**	**Pence**
Equity dividends per share paid during year	32.30	30.29	23.79	19.47	6.78
Basic earnings per share	33.2	34.5	31.7	24.2	19.8
Diluted earnings per share	33.1	34.2	31.4	24.1	19.6
Underlying basic earnings per share	-	-	-	-	20.3
Underlying diluted earnings per share	-	-	-	-	20.0

* Following the implementation of the Retail Distribution Review in March 2014, the gross reported revenue was boosted by a new revenue stream and at the same time loyalty bonuses paid to Vantage clients were significantly increased. In order to better compare revenue performance across the five years above, net revenue which is total revenue less the commission payable and loyalty bonus has been shown.

** Relates to the operating costs of the running of and the levies relating to the Financial Services Compensation Scheme (FSCS). In 2011 these costs were shown split between one-off costs of £3,036k and administrative expenses of £610k.

Definition of terms

AGM	Annual General Meeting
Asset retention rate	Based on the monthly lost AUA as a percentage of the opening months AUA and averaging for the year
AUA	Assets Under Administration is the total value of all assets administered or managed by Hargreaves Lansdown on behalf of its clients
AUM	Assets Under Management is the total value of all assets managed by Hargreaves Lansdown comprising our Multi-Manager funds and assets held within PMS
Basic EPS	Basic Earnings Per Share
Board	The Board of directors of Hargreaves Lansdown plc
Client retention rate	Based on the monthly lost clients as a percentage of the opening months total clients and averaging for the year
Company	Hargreaves Lansdown plc
CRC Energy efficiency scheme	The Carbon Reduction Commitment efficiency scheme is a mandatory government scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations
Corporate Vantage	Our corporate wrap allows employers to offer the benefits of the Hargreaves Lansdown Vantage service to employees via the workplace
CTF	Child Trust Fund
Diluted EPS	Diluted Earnings Per Share
EBT	Employee Benefit Trust
FCA	Financial Conduct Authority, the regulator of the UK financial services industry
FSCS	Financial Services Compensation Scheme
Fund of Funds	An investment strategy whereby a portfolio is created by investing in funds rather than directly into equities and other securities
Group	Hargreaves Lansdown plc and its controlled entities
HL	Hargreaves Lansdown
HL Live Apps	A software application which is designed for use on mobile phones and other portable electronic devices to allow clients access to their accounts and other information on the move
HMRC	HM Revenue and Customs
ICAAP	Internal Capital Adequacy Assessment Process
IFA	Independent Financial Advisor
IFRS	International Financial Reporting Standards
IMA	Investment Management Association
Investment Supermarket Platform	A service which allows clients to buy, sell and hold a wide range of investments in one place

ISA	Individual Savings Account
IT	Information Technology
JSOP	Joint Share Ownership Plan
Loyalty Bonus	A reward to customers for holding certain collective investments within the Vantage wrapper. This is paid on a regular basis as a percentage of qualifying assets
LTIP	Long term incentive plan
Master Portfolios	An interactive tool to help investors start their own portfolio. It provides five portfolios with different levels of risk and time horizons
Multi-Manager funds	A range of funds offered by Hargreaves Lansdown which are managed under the fund of funds format
Net new business inflows	Represents subscriptions, cash receipts, cash and stock transfers in less cash withdrawals, cash and stock transfers out
Number of new Clients	Unique number of clients holding at least one account (PMS, ISA, SIPP or Fund and Share Account) with a value greater than £100 at the year-end
OEIC	Open Ended Investment Company
Net operating profit margin	Operating profit (profit before investment gains) divided by net revenue
Net revenue	Total revenue less commission paid, which is primarily the loyalty bonus paid to clients
Organic growth	Growth in assets under administration can be attributed to two main causes. The first is growth due to the appreciation in the value of existing assets and the second is organic growth through additional contributions
Pillar 1 and 2 capital requirements	The Basel Committee on Banking Supervision set out certain capital requirements which must be met by qualifying financial institutions
Platforum	The advisory and research business specialising in investment platforms which compiles the "Direct Platform Guide"
PMS	Portfolio Management Service
RDR	Retail Distribution Review
SAYE scheme	Save As You Earn scheme
SIPP	Self-invested Personal Pension
Treating clients fairly	A central concept to the FSA's retail regulatory agenda, which aims to ensure an efficient and effective market and thereby help consumers achieve a fair deal
UK Corporate Governance Code	A code with sets out standards for best boardroom practice with a focus on board leadership and effectiveness, remuneration, accountability and relations with shareholders
Vantage	The Group's flagship service, Vantage, is a direct-to-investor platform
Wealth 150	A research-led list of our favourite funds for new investment in the main fund sectors
Year-end/financial year	Our financial year starts on 1 July and ends on 30 June

HARGREAVES LANSDOWN

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