Hargreaves Lansdown plc

Unaudited Preliminary Results Announcement Year ended 30 June 2015

Embargoed: for release at 0700h, 9 September 2015

Hargreaves Lansdown grows revenue, assets under administration and active client numbers to new record levels.

Hargreaves Lansdown plc ("Hargreaves Lansdown" or the "Company") is pleased to announce its preliminary results for the year ended 30 June 2015.

Highlights:

- Strong 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 million, impacted by known headwinds
- Total dividend up 3% at 33 pence per share

	Year to 30 June 2015	Year to 30 June 2014	**Change %**
Net Revenue	**£294.2m**	£291.9m	**+1%**
Profit before tax	**£199.0m**	£209.8m	**-5%**
Net operating profit margin (on net revenue)	**67.3%**	71.3%	**-4pts**
Total assets under administration	**£55.2bn**	£46.9bn	**+18%**
Diluted earnings per share	**33.1p**	34.2p	**-3%**
Net new business inflows	**£6.1bn**	£6.4bn	**-5%**

Ian Gorham, Chief Executive, commented:

"We are delighted with another year of great growth for Hargreaves Lansdown, against a backdrop of stock market angst and low investor confidence. The new freedoms have put pensions back on the public's radar and helped us to a further 13% growth in clients and 18% in assets during the year; assets have now passed £55 billion and client numbers are now approaching 750,000. Hargreaves Lansdown remains the clear market leader in personal investing in the UK, and we thank all our clients for their continued support".

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 and 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.

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Analysts' presentation

Hargreaves Lansdown will be hosting an investor and analyst presentation at 9.00am on 9 September 2015 following the release of the results for the year ended 30 June 2015. Access is by invitation only. Slides accompanying the analyst presentation will be available this morning at www.hl.co.uk/investor-relations and an audio recording of the analyst presentation will be available by close of day.

Forward-looking statements

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

Extract from Chairman's Statement

Strong underlying performance in the face of known headwinds

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 pension freedoms 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 of the forthcoming Report and Financial Statements.

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
9 September 2015

Extract from Chief Executive's Review

We are pleased to present our results for the year ended 30 June 2015, once again reporting excellent growth in AUA 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 the 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.

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.

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

Ian Gorham
Chief Executive
9 September 2015

Extract from 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 (£'billion)	At 30 June 2014 (£'billion)	% Movement
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%**

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 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%).

Divisional performance

The Group is organised into three core operating divisions:
- 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.

Extract from 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.

Financial performance

	Year ended 30 June 2015	**Year ended 30 June 2014**	**% movement**
	£'million	**£'million**	
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%**

The Business review on pages 6 to 8 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 7. 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.

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

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.

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 6). 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%.

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.

	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%

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.

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 914, 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 3 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").

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).

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 have 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.

Dividend per share	**2015**	**2014**	**Change**
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	**33.00p**	**32.00p**	+3%

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

Simon Cleveland
Interim Chief Financial Officer
9 September 2015

Consolidated Income Statement

	Note	Year ended 30 June 2015 (Unaudited) £'000	Year ended 30 June 2014 (Audited) £'000
Revenue	2	395,137	358,393
Commission payable		(100,949)	(66,526)
Staff costs		(53,117)	(51,280)
Other operating costs		(38,603)	(31,734)
FSCS costs		(4,417)	(832)
Operating profit		198,051	208,021
Investment revenue	4	987	1,768
Other losses		-	(3)
Profit before tax		199,038	209,786
Tax	5	(41,789)	(47,052)
Profit after tax		157,249	162,734
Attributable to:			
Equity shareholders of the parent Company		156,664	162,091
Non-controlling interest		585	643
		157,249	162,734
Earnings per share			
Basic earnings per share (pence)	7	33.2	34.5
Diluted earnings per share (pence)	7	33.1	34.2

The results relate entirely to continuing operations.

Consolidated Statement of Comprehensive Income

	Year ended 30 June 2015 (Unaudited) £'000	Year ended 30 June 2014 (Audited) £'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 Company								
	Share capital	Share premium account	Capital redemption reserve	Shares held by EBT reserve	EBT reserve	Retained earnings	**Total**	Non-controlling interest	**Total Equity**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
At 1 July 2013 (audited)	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 net of tax	-	-	-	-	(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 (Note 6)	-	-	-	-	-	(142,013)	**(142,013)**	(575)	**(142,588)**
At 30 June 2014 (audited)	1,897	8	12	(16,221)	13,545	228,512	**227,753**	591	**228,344**
Total comprehensive income	-	-	-	-	-	156,664	**156,664**	585	**157,249**
Change to non-controlling interest	-	-	-	-	-	(964)	**(964)**	(103)	**(1,067)**
Employee Benefit Trust:-									
Shares sold in the year	-	-	-	5,203	-	-	**5,203**	-	**5,203**
Shares acquired in the year	-	-	-	(2,000)	-	-	**(2,000)**	-	**(2,000)**
EBT share sale net of tax	-	-	-	-	(841)	-	**(841)**	-	**(841)**
Employee share option scheme:-									
Share-based payments expense	-	-	-	-	-	2,109	**2,109**	-	**2,109**
Current tax effect of share-based payments	-	-	-	-	-	1,305	**1,305**	-	**1,305**
Deferred tax effect of share-based payments	-	-	-	-	-	(592)	**(592)**	-	**(592)**
Dividend paid (Note 6)	-	-	-	-	-	(152,071)	**(152,071)**	(572)	**(152,643)**
At 30 June 2015 (unaudited)	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 (Unaudited) £'000	At 30 June 2014 (Audited) £'000
ASSETS			
Non-current assets			
Goodwill		1,333	1,333
Other intangible assets		4,614	2,828
Property, plant and equipment		11,990	12,679
Deferred tax assets	11	6,118	6,750
		24,055	23,590
Current assets			
Trade and other receivables	9	411,705	303,863
Cash and cash equivalents	10	216,753	201,238
Investments	8	909	874
Current tax assets		-	29
		629,367	506,004
Total assets		653,422	529,594
LIABILITIES			
Current liabilities			
Trade and other payables	12	397,262	280,922
Provisions		-	32
Current tax liabilities		18,861	20,049
		416,123	301,003
Net current assets		213,244	205,001
Non-current liabilities			
Provisions		232	247
Total liabilities		416,356	301,250
Net assets		237,067	228,344
EQUITY			
Share capital	13	1,897	1,897
Share premium account		8	8
Investment revaluation reserve		-	-
Capital redemption reserve		12	12
Shares held by Employee Benefit Trust reserve		(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 Company		236,556	227,753
Non-controlling interest		501	591
Total equity		237,067	228,344

Consolidated Statement of Cash Flows

		Year ended 30 June 2015 (Unaudited)	Year ended 30 June 2014 (Audited)
		£'000	£'000
Operating activities			
Cash generated from operations	14	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
Purchases 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	10	216,753	201,238

Notes to the 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.

The consolidated financial statements contained in this preliminary announcement do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements are extracted from the 2015 Group financial statements which have yet to be signed and have not yet been delivered to the Registrar of Companies. The audit of the statutory accounts for the year ended 30 June 2015 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting. The financial information included in this preliminary announcement has been based on the Company's financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. The principal accounting policies are set out in the Group's 2014 statutory accounts.

The report of the auditors on the financial statements for the year ended 30 June 2014, which were prepared in accordance with IFRS as adopted for use in the EU, was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006. The financial statements for the financial year ended 30 June 2014 have been delivered to Companies House.

2. Revenue

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

	Year ended 30 June 2015	Year ended 30 June 2014
Revenue from services:	**£'000**	**£'000**
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.

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.

3. Segment information

The Group is organised into three business segments, namely the Vantage Division, the Discretionary 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, CFD’s 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	Discretionary	Third Party/ Other Services	Group	Consolidation Adjustment	Consolidated
	£’000	£’000	£’000	£’000	£’000	£’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)
Total segment revenue	219,970	52,436	21,782	-	-	294,188
Depreciation and amortisation	3,537	355	488	-	-	4,380
Investment revenue	-	-	-	987	-	987
Other gains and 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 revenue	220,920	49,743	26,003	-	(4, 799)	291,876
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.

4. 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

5. 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 11)	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 will reduce 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 follow:

	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 UK corporation 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 years	(1)	94
Impact of the changes in tax rate	64	149
Tax expense for the year	41,789	47,052
Effective tax rate	21.0%	22.4%

6. Dividends

	Year ended 30 June 2015	Year ended 30 June 2014
	£'000	**£'000**
Amounts recognised as distributions to equity holders in the period:		
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	Year ended 30 June 2014
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%

7. Earnings per share (EPS)

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in free issue during the period, 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	Year ended 30 June 2014
	£'000	**£'000**
Earnings (all from continuing operations):		
Earnings for the purposes of basic and 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**

8. 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.

9. Trade and other receivables

	At 30 June 2015 £'000	At 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 other 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.

10. Cash and cash equivalents

	At 30 June 2015 £'000	At 30 June 2014 £'000
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.

11. 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	Share-based payments	Other deductible temporary differences	Total
	£'000	£'000	£'000	£'000
Group				
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

12. Trade and other payables

	At 30 June 2015	At 30 June 2014
	£'000	£'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 9 above, where we have a legal right of offset and the ability and intention to settle net, trade payable balances have been presented net. The gross amount of trade payables is £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 on-going service is still being provided.

13. Share capital

	At 30 June 2015	At 30 June 2014
	£'000	£'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.

14. Note to the consolidated statement of cash flows

	Year ended 30 June 2015	Year ended 30 June 2014
	£'000	£'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 in provisions	(47)	(125)
Operating cash flows before movements in working capital	204,493	212,412
Increase in receivables	(107,842)	(19,648)
Increase in payables	116,340	20,977
Cash generated from operations	212,991	213,741

15. Going concern

The Group maintains on-going forecasts that indicate continued profitability in the 2016 financial year. Stress test scenarios are undertaken, the outcomes of which show that the Group has adequate capital resources for the foreseeable future even in adverse economic conditions. The Group's business is highly cash generative with a low working capital requirement; indeed, the forecast cash flows show that the Group will remain highly liquid in the forthcoming financial year. The Directors therefore believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors' expectation is that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this preliminary results statement.