

Hargreaves Lansdown Asset Management Limited

Report and Financial Statements

30 June 2024

Registered Number - 01896481

Hargreaves Lansdown Asset Management Limited

COMPANY INFORMATION

DIRECTORS

S E Gamble
R Hebdon
A D L B D Nascimento
D Olley
R Rodrigues
A E Stirling

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0FR

BANKERS

Lloyds Bank PLC
58 Queens Road
Clifton
Bristol

REGISTERED OFFICE

One College Square South
Anchor Road
Bristol
BS1 5HL

Hargreaves Lansdown Asset Management Limited

STRATEGIC REPORT

The Directors submit their strategic report and audited Financial Statements for the year ended 30 June 2024.

REVIEW OF THE BUSINESS

Principal activities and business review

Hargreaves Lansdown Asset Management Limited (the “Company”) is a wholly owned subsidiary of Hargreaves Lansdown plc and is regulated by the Financial Conduct Authority. Its principal activities during the year were the provision of the Hargreaves Lansdown (“HL”) platform service, which includes services relating to the holding and administration of investments and cash, investment brokerage and stockbroking. There have not been any significant changes to the principal activities during the year and no major changes to the Company’s principal activities are planned.

There has been a decrease of 7.49% profit before taxation from £378.9 million to £350.5 million due to an increase in strategic costs this year and revenue having not increased in line. Revenue has increased by 3.1% from £659.4 million to £679.7 million. There has been an encouraging trend in the year, with the second half of the year seeing clients and asset growth on the platform particularly buoyed around tax year-end and that trend continuing through to the end of the financial year.

The Statement of Financial Position on page 13 shows the Company’s net asset position at the end of the financial year being £390.8 million (2023: £362.3 m). The Company is debt free with significant cash balances.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for most Companies. The Company manages this risk by aiming to provide excellent service and a leading market proposition.

The Company has no borrowings and as such is not exposed to interest rate or refinancing risk on debt. With all of the Company’s operations located within the UK, and therefore with no net assets and minimal transactions denominated in foreign currencies, the Company is not exposed to significant foreign exchange translation or transaction risk.

As a large proportion of income is linked to the value of client assets held on our platform within our nominee services and prevailing interest rates, the business is exposed to price risk on those investments and interest rate risk on cash balances.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Hargreaves Lansdown plc Group (the “Group”) and are not managed separately. The principal risks and uncertainties of Hargreaves Lansdown plc, which include those of the Company, are discussed in note 5.7 of the Hargreaves Lansdown plc Report and Financial Statements (“Group annual report”) which does not form part of this report.

Key performance indicators (KPIs)

The Directors of Hargreaves Lansdown plc manage the Group’s operations as a whole. For this reason, the Company’s Directors believe that analysis using key performance indicators aligned to those of the Group is the most appropriate way to understand the development, performance or position of the business of the Company.

The main KPIs monitored by the Company for this purpose are profit before taxation, Assets Under Administration (AUA) on platform only business, which includes funds, equities and cash in client platform accounts and net new business (NNB) which are summarised in the table on the next page. AUA is the value of assets administered or managed by the Company on behalf of its clients. AUA provides a measure of the growth and strength of the business on a comparable basis. It is also a key driver of revenue, especially with respect to ongoing revenue. Profit before tax has decreased and AUA has increased over the prior year as outlined above. Net new business provides a clear indication of how assets under administration changes over time it separates those movements in AUA that are related to client movements and those that are market related. Net new business has declined as a result of lower investor confidence throughout the year coupled with high inflation and interest rate environments leading clients to save lower amounts overall, invest less and save more into cash due to the rates available. We saw a change in the second half of the year and anticipate that as investor confidence returns, we will see an increase in net new business going forward.

Hargreaves Lansdown Asset Management Limited

STRATEGIC REPORT

Key performance indicators (KPIs) (continued)

	2024	2023	% change
Profit before tax (£m)	350.5	378.9	-7.5%
AUA – platform only (£bn)	142.3	124.0	14.8%
Net new business (£bn)	1.6	1.8	-11.1%

The development, performance and position of the Hargreaves Lansdown plc Group as a whole, which includes the Company, are discussed in the Group's Report and Financial Statements, which does not form part of this report.

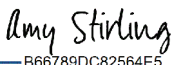
SECTION 172 STATEMENT

Given the Group governance structure, the matters the Board of the Company is responsible for considering in respect of the requirements of Section 172 of the Companies Act 2006 ('s172') have been considered appropriately by the Group Board, on behalf of the Group and this entity. The Executive Directors of the Group and the Group's Executive Leadership Team form the Board of the Directors of the Company. As such, the decision making in respect of these matters is shared across the Group.

Governance committees play a central role in maintaining and overseeing the Company's approach to decisions. The HL plc Board is responsible for overseeing the management and control of risk across the Group. It is supported by the Board Risk Committee and Boards for each of HL plc's four principal operating legal entities. There is sufficient consideration made at a Group level to matters relevant to the Company and there are no matters that have impacted the Company in the year, which are not considered within the Group annual report on pages 124 to 126.

The strategic report is approved and signed on behalf of the Board.

Signed by:



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A E Stirling

Director

27 September 2024

Hargreaves Lansdown Asset Management Limited

DIRECTORS' REPORT

The Directors submit their report and audited Financial Statements for the year ended 30 June 2024.

A review of the business and its future development is set out in the Strategic Report along with a review of the principal risks and uncertainties.

RESULTS AND DIVIDENDS

The profit after tax for the financial year amounted to £258.9 million (2023: £303.4 m). During the year the Company paid dividends of £240.0 million (2023: £260.0 m). The Directors do not recommend payment of a further final dividend (2023: £nil).

Financial instruments

The Company'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 Company has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings.

Going concern

The Company maintains ongoing forecasts that indicate continued profitability in the 2024 to 2026 financial years. Stress test scenarios are undertaken and the outcomes show the Company has adequate capital resources for the foreseeable future even in adverse economic conditions.

The Company's objectives when managing capital are: i) to safeguard the Company'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 FCA. Capital adequacy and the use of regulatory capital are monitored by the Company's management and Board. Further details on the regulatory requirements to which the Company is subject to can be found in note 24 on page 34.

The Company's business is highly cash generative with a predictable working capital requirement; indeed, the forecast cash flows show the Company will remain highly liquid in the forthcoming financial year.

Material uncertainty in relation to going concern

As announced on 9 August 2024, the Board of HL plc has received a firm offer for the purchase of HL plc and the Group, subject to shareholder and other approvals including regulatory approval, which it intends to recommend to shareholders. As a result the Directors of HL plc, and consequently also the Directors of the Company, do not have certainty on the future plans for the business as a whole, including whether the offer will be approved by shareholders and gain regulatory approval, the potential timing for transfer to the potential new owners or their future plans; including any financing arrangements.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's, and consequently also the Company's, ability to continue as a going concern.

Notwithstanding this uncertainty, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements. Accordingly, the financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

The Directors believe the Company is well placed to manage its business risks successfully. The Directors' expectation is that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and Financial Statements.

Hargreaves Lansdown Asset Management Limited

DIRECTORS' REPORT

DIRECTORS

The current Directors are listed on page 1. The Directors of the Company who were in office during the year and up to the date of signing the Financial Statements were:

R J Divall (resigned 14 October 2023)
 S E Gamble
 R Hebdon (appointed 11 April 2024)
 C F Hill (resigned 7 August 2023)
 A D L B D Nascimento (appointed 1 May 2024)
 D Olley (appointed 8 April 2024)
 R Rodrigues
 A D Shepherd (resigned 26 April 2024)
 A E Stirling
 B W Thorburn (resigned 31 December 2023)

Directors' indemnities

As permitted by the Company's 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. Throughout the financial year, the Company and its Directors have also had the benefit of Group-wide Directors' and officers' liability insurance cover for up to £60 million (2023: £60m) to guard against liability that may be incurred in connection with the Directors acting as Directors and officers of the Company. This cover remains in force at the date of this report.

EMPLOYEES

The Board recognises that understanding the needs of the Group's people is essential in developing a workplace and culture in which they can reach their full potential and, in turn, ensure the long-term success of the Group. The Group's workplace advisory panel, the HL Colleague Forum, provides a feedback channel directly between colleagues and the Board on matters of strategic importance. It is chaired by the Chief People Officer and each meeting is attended by a broad range of colleagues from across the Group's business. In addition to the direct Board and Group Executive Committee representation on the Forum, details of the issues raised and outcomes are reported to the Remuneration Committee, with onward escalation to the Board where appropriate. You can read more about the Forum in the Group Annual Report. The views of colleagues are also obtained via regular colleague surveys. Detailed results are shared with the Group Executive Committee, with key themes and issues escalated to the Board for consideration.

OTHER STAKEHOLDERS

Due to the nature of the Group, and as a result of the Group and Company governance structures, the Group Board has considered how best to discharge its duties in respect of the Group's and therefore the Company's, other stakeholders. The Board of the Company has considered relevant matters where appropriate. The consideration of the Group's Board in relation to the relationships with suppliers, customers and other stakeholders is outlined in the Group annual report on pages 124 to 126, which do not form part of this report.

CLIMATE-RELATED FINANCIAL DISCLOSURES

The Company qualifies as a large Company under the Companies Act 2006, so is required to comply with the Streamlined Energy and Compliance Reporting. The Taskforce on climate-related financial disclosures (TCFD) seeks to improve and increase climate-related reporting information provided. To comply with the FCA rules on these disclosures, included in the ESG handbook ESG 2.2.7R, the company is required to prepare a TCFD report annually.

Our overall approach to environmental governance is determined at a Group level in line with our Group climate strategy. We have chosen to meet this obligation by publishing the entity-level TCFD report on our website. HL is a business made up of multiple individual entities. As one of those entities, the Company has aligned its strategy, and operations of HL plc. This Company is a significant entity within the Group and therefore the TCFD report for HL plc largely relates to this Company. HL plc is required to prepare a TCFD report which is included in the Group Annual Report and Accounts.

- We take the exemption from the SECR requirements through our Group TCFD which is available in our Hargreaves Lansdown plc Report and Financial Statements 2024 ("Group annual report")

Hargreaves Lansdown Asset Management Limited

DIRECTORS' REPORT

CLIMATE-RELATED FINANCIAL DISCLOSURES (CONTINUED)

- We meet FCA requirements through our entity- and product-level TCFD reports, which includes the disclosures required for the Company under the Streamlined Energy and Compliance Reporting, is available on our website ([ESG | Hargreaves Lansdown \(hl.co.uk\)](#)).

EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

Refer to note 21 to the Financial Statements on page 33.

DIRECTORS' CONFIRMATIONS

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

PricewaterhouseCoopers LLP have expressed their willingness to continue their appointment as independent auditors. The Directors' report is approved and signed on behalf of the Board.

Signed by:

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A E Stirling
Director
27 September 2024

Hargreaves Lansdown Asset Management Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Report and Financial Statements and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the Financial Statements.
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's Financial Statements published on the ultimate Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The financial statements on pages 12 to 34 were approved by the Directors on 25 September 2024 and signed on its behalf by A E Stirling.

Independent auditors' report to the members of Hargreaves Lansdown Asset Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, Hargreaves Lansdown Asset Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 30 June 2024; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5 Operating Profit, we have provided no non-audit services to the company in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. As explained in note 2, on 9 August 2024 the Board of Hargreaves Lansdown plc received a firm offer for Hargreaves Lansdown plc from a consortium comprising CVC Advisers Limited ('CVC'), Nordic Capital XI Delta, SCSP (acting through its general partner Nordic Capital XI Delta GP SARL) ('Nordic Capital'), and Platinum Ivy B 2018 RSC Limited ('Platinum Ivy'), a wholly-owned subsidiary of Abu Dhabi Investment Authority ('ADIA') managed by the Private Equities investment department of ADIA (together, the 'Consortium') which the Board has announced and will be recommended to the shareholders for approval. As a result the Directors of the Group, and consequently also the company, do not have certainty on the future plans for the business, including whether the offer will be approved by the shareholders and the FCA, the potential timing for transfer to the potential new

owners or their future plans, including any financing arrangements. This may impact the ability of the Group and in turn the company to continue as a going concern. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining, evaluating and challenging management's going concern assessment (specifically covering operational resilience, current and projected capital and liquidity positions, and the appropriateness of downside scenarios) using our knowledge of the company's business performance and its regulatory capital and liquidity requirements;
- Agreeing cash flow forecasts to the Group Board approved operating plan, including relevant subsidiary considerations (which are used in management's assessment) and performing lookback testing over budgeted versus actual results for the previous year to assess the historical accuracy of management's forecasting;
- Considering information obtained through review of regulatory correspondence, minutes of meetings of the Board, Group Audit and Group Risk Committees' findings relating to the company, as well as publicly available market information to identify any evidence that would contradict management's assessment;
- Substantiating the company's liquid resources, and borrowing facilities; and
- Reviewing of materials in relation to the offer from the Consortium, including the firm offer received.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Discussions with the Risk and Compliance function, Internal Audit and the company's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Performing an assessment of the susceptibility of the financial statements to be materially misstated from fraud and how fraud might occur;
- Understanding and assessing management's controls designed to prevent and detect irregularities and the policies and procedures on fraud risks;
- Reading key correspondence with and making enquiries of the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Board and Group Audit and Risk Committees;
- Reviewing data regarding customer complaints, litigation and claims, in so far as they related to potential non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations increasing reported revenues of the company;
- Reviewing the Report and Financial Statements 2024 disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Critically assessing for bias in accounting estimates.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Darren Meek (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
27 September 2024

Hargreaves Lansdown Asset Management Limited

INCOME STATEMENT

For the year ended 30 June 2024

		Year ended 30 June 2024	Year ended 30 June 2023
	Note	£m	£m
Revenue	4	679.7	659.4
Administrative expenses	5	(342.0)	(290.4)
Operating profit		337.7	369.0
Interest receivable and similar income	7	13.4	10.5
Interest payable and similar expenses	8	(0.6)	(0.6)
Profit before taxation		350.5	378.9
Tax on profit	9	(91.6)	(75.4)
Profit for the financial year		258.9	303.5

All results derive from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Year ended 30 June 2024	Year ended 30 June 2023
	£m	£m
Profit for the financial year	258.9	303.5
Total comprehensive income for the year	258.9	303.5

The notes on pages 15 to 34 are an integral part of these Financial Statements.

Hargreaves Lansdown Asset Management Limited

STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	At 30 June 2024 £m	At 30 June 2023 £m
Fixed assets			
Intangible assets	11	31.5	35.2
Tangible assets	12	12.7	17.0
		<u>44.2</u>	<u>52.2</u>
Current assets			
Trade and other receivables	14	975.0	708.9
Investments	15	1.2	0.5
Cash at bank and in hand		252.7	201.4
Deferred tax assets	9	0.3	2.7
Current tax assets	14	2.8	3.2
		<u>1,232.0</u>	<u>916.7</u>
Current liabilities			
Trade and other payables	16	<u>(876.6)</u>	<u>(596.1)</u>
Net current assets		<u>355.4</u>	<u>320.6</u>
Total assets less current liabilities		<u>399.6</u>	<u>372.8</u>
Non-current liabilities			
Provisions for liabilities	17	(5.0)	(3.0)
Non-current lease liabilities	16	(3.8)	(7.5)
Net assets		<u>390.8</u>	<u>362.3</u>
Equity			
Called up share capital	18	-	-
Retained earnings		<u>390.8</u>	<u>362.3</u>
Total shareholders' funds		<u>390.8</u>	<u>362.3</u>

The Financial Statements on pages 12 to 34 of Hargreaves Lansdown Asset Management Limited, registered number 01896481, were approved and authorised for issue by the Board of Directors on 25 September 2024 and signed on its behalf by:

Signed by:

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A E Stirling
 Director

The notes on pages 15 to 34 are an integral part of these Financial Statements.

Hargreaves Lansdown Asset Management Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Called up share capital	Retained earnings	Total shareholders' funds
	£m	£m	£m
At 1 July 2022	-	312.1	312.1
Total comprehensive income for the year	-	303.5	303.5
Employee share option schemes:			
Share-based payments expense (note 6)	-	7.3	7.3
Current tax effect of share-based payments (note 9)	-	(0.7)	(0.7)
Deferred tax effect of share-based payments (note 9)	-	0.1	0.1
Dividend paid (note 10)	-	(260.0)	(260.0)
At 30 June 2023	-	362.3	362.3
Total comprehensive income for the year	-	258.9	258.9
Employee share option schemes:			
Share-based payments expense (note 6)	-	8.2	8.2
Current tax effect of share-based payments (note 9)	-	0.7	0.7
Deferred tax effect of share-based payments (note 9)	-	0.7	0.7
Dividend paid (note 10)	-	(240.0)	(240.0)
At 30 June 2024	-	390.8	390.8

Retained earnings represents accumulated comprehensive income for the current and prior years plus share-based payments adjustments and related tax credits/(charges).

The notes on pages 15 to 34 are an integral part of these Financial Statements.

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Hargreaves Lansdown Asset Management Limited (the “Company”) is a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is One College Square South, Anchor Road, Bristol, BS1 5HL, United Kingdom. The Company is a wholly owned subsidiary of Hargreaves Lansdown plc. The Company’s principal activities during the year were the provision of the Hargreaves Lansdown (“HL”) platform service, which includes services relating to the holding and administration of investments, investment brokerage, stockbroking and currency exchange services.

These Financial Statements are presented in millions of pound sterling, which is the currency of the primary economic environment in which the Company operates.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The Financial Statements of Hargreaves Lansdown Asset Management Limited have been prepared in accordance with Financial Reporting Standard 101, ‘Reduced Disclosure Framework’ (FRS 101). The Financial Statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain significant 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, if any, are disclosed in note 3.

The financial statements are prepared on a going concern basis and in assessing this the Board has considered the Company’s ability to continue as a going concern for at least 12 months from the date of signing.

Material uncertainty in relation to going concern

As announced on 9 August 2024, the Board of HL plc has received a firm offer for the purchase of HL plc and the Group, subject to shareholder and other approvals including regulatory approval, which it intends to recommend to shareholders. As a result the Directors of HL plc, and consequently also the Directors of the Company, do not have certainty on the future plans for the business as a whole, including whether the offer will be approved by shareholders and gain regulatory approval, the potential timing for transfer to the potential new owners or their future plans; including any financing arrangements.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s, and consequently also the Company’s, ability to continue as a going concern.

Notwithstanding this uncertainty, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements. Accordingly, the financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The preparation of Financial Statements in conformity with FRS 101 requires the use of certain significant 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, if any, are disclosed in note 3.

The Company is exempt under Section 400 (immediate parent in UK) of the Companies Act 2006 from the requirement to prepare consolidated Financial Statements as it and its subsidiary undertakings are included by full consolidation in the consolidated Financial Statements of its immediate parent undertaking, Hargreaves Lansdown plc, a Company incorporated in the United Kingdom, as at 30 June 2024. Copies of the Hargreaves Lansdown plc Financial Statements can be obtained from www.hl.co.uk.

Financial reporting standard 101 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

Application of new standards

The following standards have been adopted in the current year, but do not have a material impact on these financial statements:

- Narrow scope amendments to IAS 1, IAS 8 and IFRS Practice Statement 2
- Amendments to IAS 12, 'Taxation' relating to deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17, 'Insurance contracts'
- Amendments to IAS 12 – International tax reform – Pillar Two model rules
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS standards that have been issued but are not yet effective:

- Amendment to IAS 1, 'Presentation of financial statements' on classification of liabilities
- Amendments to IAS 1, 'Presentation of financial statements' on non-current liabilities with covenants
- Amendment to IAS 7 and IFRS 7 – Supplier finance
- Amendments to IAS 21 – Lack of Exchangeability
- Amendment to IFRS 16, 'Leases' - Lease Liability in a Sale and Leaseback
- IFRS 19, Subsidiaries without Public Accountability: Disclosures

The Company has considered the impact that the above noted standards and amendments will have on the Company's results reported in the financial statements. The Directors do not expect that the adoption of the standards or amendments listed above will have a material impact on the financial statements of the Company in future periods.

Certain amendments to accounting standards have been published that are not mandatory for the year ended 30 June 2024 reporting period and have not been early adopted by the Company:

- IFRS S1 – General requirements for disclosure of sustainability-related financial information
- IFRS S2 – Climate-related disclosures
- IFRS 18, 'Presentation and disclosure in financial statements'

The above amendments are continuing to be assessed for the impact on the Company for future reporting periods

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.2 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 commission payable, discounts, VAT and other sales related taxes.

Ongoing revenue

The largest source of revenue for the Company encompasses ongoing revenue, which includes platform fees, net interest income on client money and renewal commission. This is revenue predominantly earned over time.

Platform fees are earned for the provision of custody and administration of products on the HL platform and are charged monthly in arrears for the service provided in the period, recognised on an accruals basis as they fall due. The consideration due is based on the value of clients' underlying assets under administration.

Net interest income on client money is the revenue earned on money held within Company products by clients. It represents amounts retained and received from clients for the administration of cash on the platform, after interest is received by clients. It is linked to the underlying interest rates and is recognised over time, based on the balances held in investment accounts under administration.

Renewal commission is earned on third-party agreements entered into by clients, as a result of arrangements made by the Company and is recognised on an accruals basis as it becomes due and payable to the Company.

Although most revenue is based on the value of underlying assets, such revenues are not considered to constitute variable income in which significant judgement or estimation is involved. The calculations are based on short timelines or point in time calculations that represent the end of a quantifiable period, in accordance with the contract. These are charged to and paid by the client on the same date, constituting the transaction price for the specified period.

At any time during the period a client may choose to remove their assets from a service and no further revenue is earned.

All obligations to the customer are satisfied at the end of the period in which the service is provided for ongoing revenue, with payment being due immediately.

Transactional revenue

The other source is revenue earned at the point of sale on individual transactions and is primarily made up of fees on stockbroking transactions. The price is determined in relation to the specific transaction type and are frequently flat fees. There is no variable consideration in relation to transactional revenue.

The Company earns fees on stockbroking transactions entered into on behalf of clients. The fee earned is recorded in the accounts on the date of the transaction, being the date on which services are provided to clients and the Company becomes entitled to the income.

Timing and judgements made in relation to revenue.

As at year end, the Company has discharged all of its obligations in relation to contracts with customers, other than in relation to those services that are billed in advance. These amounts are not material and where an obligation still exists at year end and the payment exceeds the services rendered a contract liability is recognised, as deferred income in trade payables and spread across the period of the service evenly. At the end of the year the longest period of liability in relation to deferred income is eleven months.

None of the revenue streams contain financing components.

There are no judgements made in relation to the timing or determination of transaction price of any revenue streams.

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Administrative expenses

Staff costs represent amounts payable 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. Payments in relation to short-term leases are treated as an administrative expense as they become payable. Other operating costs represent those arising as a result of our operations, net of amounts incurred on behalf of other Group Companies and subsequently recharged. All amounts are recognised on an accruals basis, with the exception of share-based payment expenses which are recognised in line with IFRS 2.

2.4 Intangible assets

Intangible assets comprise computer software, customer lists and the Company'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 three to eight years

Computer software relates to purchases of licences and software, in line with the requirements of IAS 38. 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 the Income Statement.

Customer list – eight years

The customer list relates to acquired books of business and does not include internally generated client lists. The carrying value of the assets is reviewed for impairment at least every 12 months, or when events or changes in circumstances indicate that the carrying value may not be recoverable.

Internally developed software – eight years

IT development costs are capitalised only to the extent that they have led to the creation of enduring assets, which deliver benefits at least as great as the amount capitalised and in accordance with the recognition criteria of IAS 38 intangible assets.

Where IT development costs relate to an asset that is now in use, 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.

Development work has been undertaken in house by IT staff and management to develop new strategic solutions focussed on improving our ability to serve clients, including improving our transfers, payment solutions, client experience and Advice and Guidance propositions as well as continued improvements to our key operating systems.

Where such costs relate to an asset that is not yet fully available for use by the business, they have been classified as internally developed software and are reviewed for impairment at least annually. During the period internally developed software for which there was no longer an intended future use was impaired. For further details refer to Note 11 on page 27. In accordance with the provisions of IAS 38 the costs are capitalised as an intangible asset and subsequently amortised over the estimated useful life of the systems of eight years, starting from the date at which the assets are put into use.

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Intangible assets (continued)

Impairment of intangible assets

At the end of each financial year, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the

recoverable amount of the asset is estimated in order to determine the extent of the loss. Where the asset does not generate cash flows, independent from other assets, the Company 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 and an impairment loss is recognised as an expense immediately.

2.5 Tangible assets

Tangible assets (including computer and office 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 tangible assets 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:

Computer hardware – over three to ten years

Office equipment (including leasehold property tenants' fixtures and other fixtures) - over three to ten years

Right-of-use assets – over the remaining lease term

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 the Income Statement.

Tangible assets includes both owned and leased assets. Owned assets are measured initially at cost and subsequently at cost less accumulated depreciation.

At the end of each financial year, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the loss. Where the asset does not generate cash flows, independent from other assets, the Company 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.

Right-of-use assets are measured initially at the present value of all future lease payments, less any prepaid or accrued rent or incentives and any expected dilapidation cost being the initial value. Subsequently, right-of-use assets are measured at initial value less accumulated depreciation.

Depreciation is charged in a straight line across the useful economic life for both owned and leased assets, where the useful economic life is determined by management upon purchase for owned assets and is the lease term for all leased assets.

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 and an impairment loss is recognised as an expense immediately.

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Pensions

The Company operates a defined contribution group personal pension plan for staff. Contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position.

2.7 Employee benefits

The Company recognises short-term employee benefits such as salaries, social security contributions, paid annual leave and bonuses, if expected to be settled before 12 months after the end of the reporting period, when an employee has rendered service in exchange for these benefits. The amounts are recognised on an accrual basis in the Income Statement.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds.

The current income tax charge is calculated on the basis of tax rates and laws that have been substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred taxation is recognised, where material, in respect of all temporary differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Statement of Financial Position date. The exception to this is that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the temporary differences reverse. The rates are based on tax rates and laws that have been substantively enacted by the Statement of Financial Position date.

2.9 Interest receivable and similar income

Interest receivable on company cash balances is recognised over time by reference to the principal balance and the effective interest rate applicable.

2.10 Investments

Investments are recognised in the Company's Statement of Financial Position, on trade date, when the Company becomes party to the contractual provisions of an instrument and are initially measured at fair value.

Investments by default are designated as being held at fair value through profit or loss and are subsequently measured 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 mandatorily, in accordance with IFRS 9.

The Company derecognises financial assets only when the contractual rights to the cash flows, or substantially all of the risks and rewards of ownership from the asset are transferred or expire. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Income Statement.

Investments in subsidiaries are held at cost, being the fair value of consideration paid and capital contributions made to the subsidiaries. Impairment assessments are performed at least on an annual basis for all subsidiaries to assess whether the valuation is still appropriate. A comparison is made between the recoverable amount and the carrying value. This requires the calculation of either the fair value, less costs to sell of each subsidiary or the value in use.

Value in use is calculated as the present value of discounted cash flows over an appropriate period at a discount rate appropriate for each subsidiary. Any losses are recognised immediately in the Income Statement.

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Trade and other receivables

Financial assets are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method less any expected credit losses. The financial assets are held in order to collect the contractual cash flows and those cash flows are payments of interest and principal only. The Company recognises Expected Credit Losses (ECLs) relating to trade receivables in line with the simplified approach per IFRS 9 and calculated based on the historic information available from the preceding years alongside factors impacting the individual receivables, economic conditions and forecast expectations. Losses are recognised immediately in the Income Statement.

2.12 Cash at bank and in hand

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash, subject to insignificant changes in value and have original maturities of less than three months or those that the Company has an immediate right of recall. The carrying amount of these assets is approximately equal to their fair value.

2.13 Trade and other payables

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Trade payables are measured at amortised cost using the effective interest method. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included as payable.

Lease liabilities are included within current lease liabilities and non-current lease liabilities, being initially calculated in line with IFRS 16. On inception a lease liability is measured as the present value of future lease payments, discounted at the incremental borrowing rate implied within the lease. The future lease payments of the Company are fixed, except for those that relate to leases in a currency other than GBP, which may vary due to exchange rate movements.

2.14 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company 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 end of the reporting date, and are discounted to present value where the effect is material.

2.15 Dividends

Dividend distributions to the Company's shareholder, Hargreaves Lansdown plc, 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 Board.

2.16 Share-based payments

The Company 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.

Hargreaves Lansdown plc 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 and relevant to services provided to the Company is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions, with a corresponding amount recorded in reserves. Annual revisions are made to the estimate of awards vesting, based on non-market-based vesting conditions. The impact of the revision is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to 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.

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

3. CRITICAL JUDGEMENTS AND KEY SOURCES OF 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.

There are no assumptions made about the future, or any other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. There are no critical judgments regarding the application of accounting policies or significant estimates in relation to the preparation of these Financial Statements.

4. REVENUE

	Year ended 30 June 2024 £m	Restated Year ended 30 June 2023 £m
Revenue from services:		
<i>Ongoing revenue</i>		
- Platform fees*	278.4	268.4
- Renewal commission	2.7	2.4
- Net interest income	260.7	268.7
<i>Transactional revenue</i>		
- Fees on stockbroking transactions	133.9	116.9
- Admin fees*	4.0	3.0
	679.7	659.4

* For the year ended 30 June 2023, we had previously offset £2.1 million in relation to discounts provided to clients on platform fees against other transactional income. These are now considered to be more appropriately classified against platform fees, as the discounts only relate to platform fees.

5. OPERATING PROFIT

Stated after charging:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Fees payable to the Company's auditors for the audit of the Company's financial statements	0.4	0.3
Audit related assurance services	0.5	0.3
Amortisation of intangible assets (note 11)	4.0	5.7
Impairment of intangible assets (note 11)	7.3	-
Depreciation of tangible assets (note 12)	7.6	7.7
Staff (including contractors) costs (note 6)	179.7	151.8
Other operating costs	142.5	124.9
	342.0	290.4

Included in other operating costs are dealing costs, marketing costs, IT costs and legal and professional fees.

Audit related assurance services relate to CASS related assurance reporting for the Company.

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

6. STAFF COSTS AND DIRECTORS' REMUNERATION

The average monthly number of employees (including Directors and contractors) during the year was:

	Year ended 30 June 2024	Year ended 30 June 2023
	No.	No.
Administrative functions	806	649
Operating and support functions	1,466	1,379
	2,272	2,028

Aggregate remuneration

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Wages and salaries	146.1	128.2
Social security costs	14.6	11.9
Share-based payments	8.2	7.3
Other pension costs	18.0	13.4
Total costs paid for staffing	187.0	160.8
Capitalised in the year	(7.3)	(9.0)
Staff (including contractors) costs	179.7	151.8

Directors' remuneration

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Emoluments	7.0	6.8
Aggregate amounts receivable under long term incentive schemes	2.5	-
Pension contributions	0.3	0.3
	9.8	7.1

In addition to the amounts above, Directors of the Company received an aggregate amount of £1.3 million relating to the exercise of share options (2023: £0.7m). Six Directors (2023: Six) were members of money purchase pension schemes during the year. Six Directors have exercised share options during the year (2023: Three).

During the year awards under the long-term incentive schemes were also made to nine key management personnel (2023: 7), which include the Directors.

The emoluments of the highest paid Director were £3.5 million (2023: £2.0 m), pension contributions were £0.1 million (2023: £0.1 m) and gains on the exercise of share options were £nil (2023: £0.3 m). The Director received 369,052 shares (2023: 86,715 shares) under long-term incentive schemes in respect of qualifying services.

The staff costs above are after costs that have been capitalised under intangible assets as internally generated assets. In total £6.9 million of wages and salaries (2023: £8.8 million), social security costs of £0.2 million (2023: £0.1 m) and pension costs of £0.2 million (2023: £0.1 m) were capitalised.

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 June 2024	Year ended 30 June 2023
	£m	£m
Bank interest	13.4	10.5
	13.4	10.5

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 30 June 2024	Year ended 30 June 2023
	£m	£m
Commitment fees	0.3	0.3
Interest expense incurred on lease payables	0.3	0.3
	0.6	0.6

9. TAX ON PROFIT

	Year ended 30 June 2024	Year ended 30 June 2023
	£m	£m
The total tax charge for the year comprises:		
Current tax: on profits for the year	91.5	76.1
Current tax: adjustments in respect of prior years	(3.0)	0.1
	88.5	76.2
Deferred tax: origination and reversal of timing differences	(0.8)	(0.8)
Deferred tax: adjustments in respect of prior years	3.9	-
Total tax charge for the year	91.6	75.4

Corporation tax is calculated at 25% of the estimated assessable profit for the year to 30 June 2024 (2023: 20.5%).

In addition to the amount charged to the Income Statement, certain tax amounts have been charged/(credited) directly to equity as follows:

	Year ended 30 June 2024	Year ended 30 June 2023
	£m	£m
Deferred tax relating to share-based payments	(0.7)	-
Current tax relating to share-based payments	(0.7)	0.7
	(1.4)	0.7

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

9. TAX ON PROFIT (CONTINUED)

Pillar Two – Global Minimum Tax

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy.

These rules seek to ensure that UK-headquartered multinational enterprises pay a minimum tax rate of 15% on UK and overseas profits. Where a group has an effective tax rate below 15% in a jurisdiction, the group may still not be required to pay a top-up tax if the group maintains sufficient staff and assets in that jurisdiction. These rules have been enacted or substantively enacted in the jurisdictions in which the Group operates, however they are not in effect for the year ended 30 June 2024. The Company has undertaken an assessment and does not reasonably believe these rules will affect the Group for the year ending 30 June 2025. As a result, the Company has not recognised any deferred tax liabilities in respect of Pillar Two.

We have performed an assessment of the Company's potential exposure to Pillar Two rules by simulating the impact of these rules using our consolidated financial statements for 2021, 2022, 2023 and 2024. As a result of this simulation the Group does not reasonably believe these rules will materially affect the Group for the year ending 30 June 2025. The Group pays tax in the UK close to the prevailing rate of 25% and is expected to continue to do so. The Group's effective tax rate in Poland may fall below 15%, however; no top-up tax is expected due to the Company's expenditure on staff and assets in Poland. We will continue to assess the impact of Pillar Two throughout the year ending 30 June 2025.

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation is as follows:

	Year ended 30 June 2024	Year ended 30 June 2023
	£m	£m
Profit before taxation	350.5	378.9
At the standard UK corporation tax rate of 25% (2023: 20.5%)	87.6	77.7
Effects of:		
Non-deductible expenses	3.0	1.3
Non-taxable income	-	(3.3)
Additional deduction for tax purposes	-	(0.2)
Adjustments in respect of prior years	1.0	0.2
Impact of change in UK tax rate on temporary difference	-	(0.2)
Total tax charge for year	91.6	75.4

Factors affecting total tax charge

It is expected that the ongoing effective tax rate will remain at a rate approximating to the standard UK corporation tax rate in the medium term, except for the impact of deferred tax arising from the timing of exercising of share options which is not under our control. The Company's taxable profits for this accounting year are taxed at 25%. Deferred tax has been recognised at 25% as that is the rate expected to be in force at the time of the reversal of the temporary difference.

Factors that may affect future tax charges

Any increase or decrease to the share price of Hargreaves Lansdown plc will impact the amount of tax deduction available in future years on the value of shares acquired by staff under share incentive schemes.

The Company participates in the Hargreaves Lansdown plc Group share option schemes and has granted options to several employees. The Company anticipates a reduction to corporation tax when the options are taken up by

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

9. TAX ON PROFIT (CONTINUED)

the employees; the timing and amount of the deduction is dependent on the number of options taken up and the market value of the shares at the time.

Deferred tax assets

	Fixed asset tax relief	Share-based payment	Other temporary differences	Total
	£m	£m	£m	£m
Deferred tax is recognised at 20.5% or 25% (2023: 20.5% or 25%) as follows:				
At 1 July 2022	0.2	1.3	0.6	2.1
Charge)/credit to income	(0.2)	1.0	-	0.8
Charge to equity	-	-	(0.2)	(0.2)
At 30 June 2023	-	2.3	0.4	2.7
Charge to income	(3.0)	(0.1)	-	(3.1)
Credit/(charge) to equity	-	0.7	-	0.7
At 30 June 2024	(3.0)	2.9	0.4	0.3
Deferred tax expected to be recovered or settled as at 30 June 2024:				
Within 1 year after reporting period	(1.0)	0.4	0.1	(0.5)
> 1 year after reporting period	(2.0)	2.5	0.3	0.8
	(3.0)	2.9	0.4	0.3

10. DIVIDEND PAID

	Year ended 30 June 2024	Year ended 30 June 2023
	£m	£m
The following dividends were paid during the year: -		
1 st interim dividend £70,000 per share (2023: £60,000)	70.0	60.0
2 nd interim dividend £170,000 per share (2023: £200,000)	170.0	200.0
	240.0	260.0

There have been no further dividends declared (2023: £nil).

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

11. INTANGIBLE ASSETS

	Customer list	Internally developed software	Computer software	Total
	£m	£m	£m	£m
Cost:				
At 1 July 2022	4.6	24.9	18.6	48.1
Additions	-	17.0	0.9	17.9
Disposals	-	-	(1.7)	(1.7)
At 30 June 2023	4.6	41.9	17.9	64.4
Additions	-	6.5	1.0	7.5
Impairment	-	(7.3)	-	(7.3)
At 30 June 2024	4.6	41.1	18.9	64.6
Accumulated amortisation:				
At 1 July 2022	1.9	6.2	17.1	25.1
Provided during the year	0.6	4.2	0.9	5.7
Disposals	-	-	(1.7)	(1.7)
At 30 June 2023	2.4	10.4	16.4	29.2
Provided during the year	0.6	2.4	1.0	4.0
At 30 June 2024	3.0	12.8	17.4	33.2
Net Book Value:				
At 30 June 2024	1.6	28.4	1.4	31.4
At 30 June 2023	2.2	31.5	1.5	35.2
At 30 June 2022	2.8	18.7	1.5	23.0

The amortisation charge above is included in administrative expenses in the Income Statement.

The customer list is a separately acquired intangible asset and does not include any internally generated client lists.

Internally developed software includes IT development staff working on an upgrade of the core IT platform for the business. The internally generated software is an on-going project and whilst the system is being developed further, it is being developed in tranches. Those elements that are live and identified separately from continuing development are subject to amortisation.

Included in internally developed software is a balance of £12.1 million (2023: £15.5 million) in relation to assets under construction.

During the period internally developed software for which there was no longer an intended future use was impaired. These assets have been written off in full and the impairment value of £7.3m has been recorded in operating costs in the Income Statement.

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

12. TANGIBLE ASSETS

	Computer hardware £m	Right-of-use assets £m	Office equipment £m	Total £m
Cost:				
At 1 July 2022	42.1	19.1	11.3	72.5
Additions	1.9	-	1.1	3.0
Disposals	(1.6)	-	(0.6)	(2.2)
At 30 June 2023	42.4	19.1	11.8	73.3
Additions	2.9	-	0.4	3.3
Disposals	(6.7)	-	(0.1)	(6.8)
At 30 June 2024	38.6	19.1	12.1	69.8
Accumulated depreciation:				
At 1 July 2022	34.4	8.0	8.4	50.8
Provided during the year	3.8	2.7	1.2	7.7
Disposals	(1.6)	-	(0.6)	(2.2)
At 30 June 2023	36.6	10.7	9.0	56.3
Provided during the year	3.7	2.7	1.2	7.6
Disposals	(6.7)	-	(0.1)	(6.8)
At 30 June 2024	33.6	13.4	10.1	57.1
Net Book Value:				
At 30 June 2024	5.0	5.7	2.0	12.7
At 30 June 2023	5.8	8.3	2.8	17.0
At 30 June 2022	7.7	11.1	2.9	21.7

During the period, a review was conducted for tangible assets that have nil net book value but are still active in our fixed asset register. It was identified around £6.7 million of hardware assets were no longer in use and could therefore be disposed of. As these assets have all fully depreciated there is no loss on disposal as a result of this review.

Leases recognised in Tangible Assets

	At 30 June 2024 £m	At 30 June 2023 £m
Buildings	19.1	19.1
	19.1	19.1

Leases expenses recognised in the Statement of Comprehensive Income

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Depreciation on right-of-use assets	2.7	2.7
Lease expense recognised in interest expense	0.2	0.3
	2.9	3.0

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT IN SUBSIDIARIES

	At 30 June 2024	At 30 June 2023
	£	£
Investments in Subsidiary Companies	2	2

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Name of Company	Nature of Business	Country of Incorporation	Shares Held	Voting Rights	Registered Address
Hargreaves Lansdown (Nominees) Limited	Non-trading	UK	100%	100%	One College Square South, Anchor Road, Bristol BS1 5HL.
HL Tech Sp. Z O. O.	Service Company	Poland	100%	100%	Warsaw Spire, Plac Europejski 1, 00 – 844 Warszawa

14. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 £m	At 30 June 2023 £m
Trade receivables	617.9	508.3
Amounts owed by group undertakings	181.7	23.3
Other receivables	8.5	6.4
Prepayments	17.9	17.4
Accrued income	149.0	153.5
	<u>975.0</u>	<u>708.9</u>

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £577.5 million (2023: £473.1 m) 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 £747.2 million (2023: £659.7 m) and the gross amount offset in the Statement of Financial Position with trade payables is £169.7 million (2023: £186.6 m). Other than counterparty balances, trade receivables primarily consist of fees and amounts owed by clients. There are no balances where there is a legal right of offset but not a right of offset in accordance with accounting standards, and no collateral has been posted for the balances that have been offset.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Given the short-term nature of the Company's receivables and the historic experience of the Company, there has been no material expected credit losses recognised in the year.

Included in the current assets of the Company is a corporation tax asset of £2.8 million (2023: £3.2 m), this arises due to the Company paying corporation tax payments on account throughout the year and group relief being applied, leaving the amount outstanding at 30 June 2024 as a receivable balance due to overpayments in the year.

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS

	At 30 June 2024 £m	At 30 June 2023 £m
Opening balance	0.4	0.8
Purchases	2.8	1.9
Disposals	(2.0)	(2.3)
Closing balance	1.2	0.4

Investments are classified as held at fair value through profit and loss, being deal related short-term investments.

Fair value movements on investments

	At 30 June 2024 £m	At 30 June 2023 £m
Gross gains	2.4	0.6
Gross losses	(4.1)	(2.1)
	(1.7)	(1.5)

16. TRADE AND OTHER PAYABLES

	At 30 June 2024 £m	Restated At 30 June 2023 £m
Trade payables	594.1	484.0
Amounts owed to group undertakings	220.2	52.8
Current lease liabilities*	4.0	4.0
Other taxes and social security costs	9.7	7.5
Other payables	24.0	23.9
Accruals	24.3	23.6
Deferred income	0.3	0.3
	876.6	596.1

*In year ended 30 June 2023, current lease liabilities were shown within other payables.

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £575.8 million (2023: £470.7 m) are included in trade payables, similarly with the treatment of trade receivables. As stated in note 14, where we have a legal right of offset and the ability and intention to settle net, trade payable balances have been presented net.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The increase in amounts owed to group undertakings arises as a result of active management of intercompany balances to ensure that group entities have simplified intercompany balances. This ensures group entities are able to settle their liabilities in a timely and simple way.

Other payables principally comprise amounts owed to staff as a bonus.

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES (CONTINUED)

Accruals principally comprise amounts for expenses incurred but not yet paid. Deferred income represents payment received on corporate pension schemes administration, where an ongoing service is still being provided, on which not all revenue has been earned.

VAT group registration:

As a result of group registration for VAT purposes, the Company is liable for VAT liabilities arising in other Companies within the VAT group which at 30 June 2024 amounted to £Nil (2023: £Nil). The Company is reimbursed from other group entities for the amount paid through inter-company balances.

Non-current lease liabilities:

In accordance with IFRS 16, a lease liability has been recognised in respect of the leases over the Company's three primary office spaces. The total value of these non-current lease liabilities at the end of the year was £3.8 million (2023: £7.5 m).

17. PROVISIONS FOR LIABILITIES

	Provisions
	£m
At 1 July 2022	2.6
Released in the year	(1.5)
Charged during the year	1.9
At 30 June 2023	<u>3.0</u>
Released in the year	(0.2)
Charged during the year	2.2
At 30 June 2024	<u>5.0</u>

The provision brought forward relates to property related costs, including contractual obligations that arise on the surrendering of the leases, in relation to the offices in Bristol. In the year we increased these provisions by £0.2 million as a result of changes to the utilised space since the inception of our leases. These property provisions are not expected to be fully utilised until 2026.

In the current year we have recognised a provision of £2.0 million in relation to potential compensation claims. The figure represents the current most reliable estimate of the present obligation. It is probable, but not certain, that a level of payment will be made and work is ongoing to assess any liability.

Provisions recognised in the current year are not expected to be paid within 12 months of the date of the Statement of Financial Position and are costs in relation to historic transactions that are considered more likely than not to be incurred.

18. CALLED UP SHARE CAPITAL

	Authorised, issued and fully paid			
	At	At	At	At
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	No.	No.	£	£
Authorised, issued and fully paid ordinary	1,000	1,000	1,000	1,000

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

19. CONTINGENCIES

The Company operates in a highly regulated environment and, in the ordinary course of business, provides information to various regulators and authorities as part of informal and formal requests and enquiries. In addition, the Company receives complaints or claims in relation to its services from time to time brought by clients, investors or other third parties. These may be notified to the Company or directly to third parties, such as the Financial Ombudsman Service in the case of client and investor complaints investigated and not upheld by the Company. These include enquiries, complaints and a threatened claim relating to the LF Equity Income Fund (formerly the Woodford Equity Income Fund).

The Company received a letter purporting to be a pre-action letter from a law firm in March 2021. In June 2021, the Company rejected all the claims made for lack of a substantive basis of claim. The Company is aware that the law firm has since filed a claim form with the court against both Link Fund Solutions Limited and the Company for an unspecified amount in October 2022. As at the date of issuing these financial statements, the law firm has not yet confirmed that it has secured sufficient funding to progress the claim, HLAM has not been served with the claim form and no timetable has been set for the conduct of any claim.

All such matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Company incurring a liability. There are inherent uncertainties in the outcome of such matters and it is not practicable to reliably estimate the financial impact if any, on the Company's results or net assets at the year end.

These matters have been re-assessed throughout the financial year and the above statement is accurate as at the reporting date and up to the date of issue.

20. SHARE-BASED PAYMENTS

Equity-settled share option schemes

The Company seeks to facilitate significant equity ownership by staff and senior management, principally through schemes which encourage and assist the purchase of the Parent Company's shares. The Company participates in three share option and share award plans: the Employee Savings-Related Share Option Scheme (SAYE), the Hargreaves Lansdown plc Share Incentive Plan (SIP) and the Hargreaves Lansdown Company Share Option Scheme (the Executive Option Scheme).

Options granted under the Employee SAYE scheme vest over three or five years. Options granted under the Employee Share Incentive Plan vest over a three-year period. Options granted under the Executive Option Scheme vest between nil and ten years. Under the Employee SAYE scheme options are exercisable at a price equal to the HMRC approved market value of the Parent Company's shares on the date of grant. In respect of the Executive Option Scheme options, the exercisable price is £nil. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options exercised during the year are as follows:

	Year ended 30 June 2024		Year ended 30 June 2023	
	Share options No.	Weighted average exercise price £	Share options No.	Weighted average exercise price £
SAYE				
Exercised during the year	3,512	6.2600	-	-
Executive Option Scheme				
Exercised during the year	562,427	0.6709	222,347	0.2840

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

20. SHARE-BASED PAYMENTS (CONTINUED)

Equity-settled share option schemes

The share options outstanding at the end of each year have exercise prices and expected remaining lives as follows:

	Year ended 30 June 2024		Year ended 30 June 2023	
	Share options No.	Weighted average options exercise price (pence)	Share options No.	Weighted average options exercise price (pence)
Weighted average expected remaining life				
0-1 years	1,024,108	453.9	991,485	508.9
1-2 years	736,405	353.8	455,469	424.6
2-3 years	1,539,789	300.8	968,206	502.4
3-4 years	165,190	0.0	68,490	0.0
4-5 years	-	0.0	227,394	0.0
	3,465,492	342.9	2,711,044	436.9

The weighted average market share price at the date of exercise for options exercised during the year was 826.8 pence (2023: 838.5 pence).

The Company recognised total expenses related to equity-settled share-based payment transactions as shown in note 6.

21. SUBSEQUENT EVENTS

As announced on 9 August 2024, the Board of HL plc has received a firm offer for the purchase of HL plc and the Group, which includes this Company. The offer is subject to shareholder and other approvals including regulatory approval, which it intends to recommend to shareholders.

22. CAPITAL COMMITMENTS

At the end of the reporting period, the Company had capital commitments of £Nil (2023: £Nil) for software development and IT hardware.

23. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: i) to safeguard the Company'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 FCA. Capital adequacy and the use of regulatory capital are monitored by the Company's management and Board.

Regulatory capital is determined in accordance with the requirements prescribed in the UK by the FCA. This is a two-step process requiring an assessment of the minimum capital requirements followed by an assessment of individual entity risks of harm to ensure that an additional amount of capital is held above the minimum amount to accommodate the impact of any residual risk of harm. Minimum capital requirements are calculated as the higher of certain baseline variables (depending on the specific requirements for the legal entity in question). In the Company this is calculated as the higher of the permanent minimum capital requirement, fixed overhead requirement and k-factor assessment (capital requirement based on the activities a firm undertakes).

Hargreaves Lansdown Asset Management Limited

NOTES TO THE FINANCIAL STATEMENTS

23. CAPITAL MANAGEMENT (CONTINUED)

The second step requires investment firms to assess firm-specific risk of harms, and costs of wind down, ensuring that they hold adequate capital over and above the amount set by the minimum capital requirements. The Company completes this assessment of regulatory capital requirements using its Internal Capital Adequacy and Risk Assessment (ICARA) process, which is a continuous and forward-looking exercise that includes stress testing on major risks, such as a significant market downturn, and identifying mitigating actions.

As required by the FCA, the Company carries out these assessments and has arrangements in place designed to ensure that it maintains a significant surplus over the higher requirement at all times. Consistent with the requirements, a disclosure has been made which enables the market to assess information on the Company's governance, capital and risk management procedures. The disclosure is available on our website, under 'Regulatory Disclosure', <https://www.hl.co.uk/investor-relations>. The Company has retained earnings and share capital which total £390.8 million as at 30 June 2024 (2023: £362.3m).

24. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is Hargreaves Lansdown plc, which is the parent undertaking of the smallest and largest group in which the Company is consolidated. The registered office address of Hargreaves Lansdown plc is One College Square South, Anchor Road, Bristol, BS1 5HL. Copies of the Group Financial Statements may be obtained from Companies House, Crown Way, Cardiff or are available on the Group website www.hl.co.uk.