

HARGREAVES LANSDOWN ADVISORY SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

30 June 2022

Registered Number – 03509545

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Hargreaves Lansdown Advisory Services Limited

COMPANY INFORMATION

DIRECTORS

R J Byett
M P Hastings
I J Hunter
D James

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0FR

BANKERS

Lloyds Bank plc
58 Queens Road
Clifton
Bristol

REGISTERED OFFICE

1 College Square South
Anchor Road
Bristol
BS1 5HL
England
United Kingdom

Hargreaves Lansdown Advisory Services Limited

STRATEGIC REPORT

The Directors submit their strategic report and audited financial statements for the year ended 30 June 2022.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Principal activities and business review

Hargreaves Lansdown Advisory Services Limited (the “Company”) is a wholly owned subsidiary of Hargreaves Lansdown plc and is regulated by the Financial Conduct Authority. Its principal activity during the year was the provision of advisory services through the Company’s own financial advisers. 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.

The average number of financial advisers for the year was 50 compared to 59 last year. Our advisers provide ongoing services to clients of the Portfolio Management Service (“PMS”), the Hargreaves Lansdown Asset Management Limited (“HLAM”) discretionary management service. PMS is provided to clients who prefer a managed service. This service encompasses the HL platform custody and administration, fund management and ongoing advice services, but only ongoing advice services are provided by the Company. Initial advice charges are levied on taking the product up or on any advised deposit into the product. The Company also provides ad-hoc advice to clients of HLAM who are not part of PMS on a fee basis.

The value of assets in PMS decreased in the year by 16.1%, falling to £2.32 billion, from £2.77 billion in 2021. Lost business, defined as the total withdrawals from the service, was £230 million, coupled with a decrease in market value of £216 million. Net lost assets, defined as the combined impact of withdrawals and market movements, of £446 million was down on the prior year’s net asset increase of £17 million. PMS was re-opened to new business during the year and the value of assets leaving the service continues to fall, but market movements in the year have also had a significant impact in the asset decline during the year. PMS had been closed to new business since June 2019 due to the product being gated as a result of the Woodford Equity Income Fund being a constituent of the product.

The Company aims to return advisory services to growth and capitalise opportunities that are arising in the changing market through increasing the number of advisers and through the introduction of a new financial coaching service in the next financial year.

Total revenue fell from £14,627,446 last year to £13,349,949 this year, due to the decline in assets in PMS and a fall in advice being provided for ad-hoc business, in large part due to the impact of Covid-19 on the confidence of investors and the ability of advisers to provide face to face meetings, followed up by a slow market in the second half of the year due to larger macro-economic factors. Key revenue streams are derived from the value of the PMS assets which are held in funds. The greater the value of funds held in PMS the greater the revenue earned. The ongoing advice fee is charged at 0.365% per annum.

In the year the Company has made a loss of £4,260,210 (2021: loss of £5,218,532). This has been driven largely by the decline in revenues, as a result of the decrease in the value of assets held within PMS over a number of years and the reduced number of advisers.

The Statement of Financial Position on page 11 shows that the Company’s net asset position at the end of the financial year has increased from £11,242,840 to £13,187,041. During the year a capital injection was made by the parent company Hargreaves Lansdown plc to allow the Company to meet its capital commitments as a new strategy is implemented over the next four years.

The average number of staff for the year ended 30 June 2022 is shown in note 6 of the financial statements.

Principal risks and uncertainties

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 the Group, which include those of the Company, are discussed in note 5.7 to the Hargreaves Lansdown plc Report and Financial Statements 2022 (“Group annual report”), which does not form part of these financial statements and is available from the Hargreaves Lansdown website.

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 for the Group is the most appropriate

Hargreaves Lansdown Advisory Services Limited

STRATEGIC REPORT

way for an understanding of the development, performance or position of the business of Hargreaves Lansdown Advisory Services Limited.

The development, performance and position of the Hargreaves Lansdown plc Group, 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. 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 118 to 121.

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

Mark Hastings

M P Hastings
Director
23 September 2022

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Hargreaves Lansdown Advisory Services Limited

DIRECTORS' REPORT

The Directors submit their annual report and audited financial statements for the year ended 30 June 2022.

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 loss for the financial year amounted to £4,260,210 (2021: loss of £5,218,532). During the year the Company paid no interim dividends (2021: £nil). The Directors do not recommend payment of a further final dividend (2021: £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 a return to profitability in the short to medium term. Stress test scenarios are undertaken and the outcomes show the Company has adequate capital resources for the foreseeable future even in adverse economic conditions. Further details on the regulatory requirements to which the Company is subject to can be found in note 18 on page 27. The Company's business has historically been cash generative and has a predictable working capital requirement; the forecast cash flows show the Company will remain highly liquid in the forthcoming financial year.

The Directors therefore believe the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors' expectation is that the Company will have adequate resources to continue in operational existence for the foreseeable future and support has been confirmed by Hargreaves Lansdown plc. This support confirms that Hargreaves Lansdown plc will equip the Company with funds, if required, in such a manner that the Company will be able to continue as a going concern for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements.

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 Byett

M P Hastings (appointed 5 November 2021)

I J Hunter

D James

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 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.

Hargreaves Lansdown Advisory Services Limited

DIRECTORS' REPORT

EMPLOYEES

We have consistently sought to recruit, train and retain the best employees in our market and this has contributed to our success. Information concerning employees and their remuneration is given in note 6. Consultative procedures enable management and other employees to discuss matters of mutual interest, including health and safety. Through these procedures and departmental channels, employees are kept informed about Company affairs. In particular during the year the Group's Chief Executive Officer ("CEO") has made a number of personal presentations to all employees and this is something that will continue going forward. In addition, a staff survey has been carried out, the results of which have been fed back to all staff in the CEO presentations along with the action plans to address employees' key concerns.

The Save As You Earn scheme was launched to all eligible employees (all permanent employees at the invitation open date are eligible to join). Such schemes are a key way of retaining and incentivising employees and ensuring their interests are aligned with those of the Company.

It is the Company's policy to encourage the employment, training and career development of disabled persons. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary. A full assessment of any disabled employee's needs is undertaken and reasonable adjustments are made to the work environment or practices in order to assist them. In order to safeguard its employees, the Company pursues a policy which seeks to achieve, as far as practicably possible, secure working environments and training standards at all operating locations.

Further details in relation to employee engagement can be found in the Group annual report on page 117, which does not form part of this report.

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 118 to 121, which do not form part of this report.

EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

As stated in note 16 to the financial statements there are no material events to disclose.

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 section 418 of the Companies Act 2006.

Through a competitive tender process PricewaterhouseCoopers LLP expressed their willingness to be re-appointed as auditors and a resolution to appoint them was passed at the most recent Annual General Meeting of the Group.

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

Mark Hastings

M P Hastings

Director

23 September 2022

Hargreaves Lansdown Advisory Services 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 page

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.

Hargreaves Lansdown Advisory Services Limited

Independent auditors' report to the members of Hargreaves Lansdown Advisory Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Hargreaves Lansdown Advisory Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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 2022; 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, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

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.

Hargreaves Lansdown Advisory Services Limited

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 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

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 posting inappropriate journal entries to increase revenue of 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;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant Board meeting minutes

Hargreaves Lansdown Advisory Services Limited

- Reviewing data regarding customer complaints and the company's register of litigation and claims, in so far as they related to 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;
- Designing audit procedures to incorporate unpredictability around nature, timing or extent of our testing.

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.



Jamie Smith (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

23 September 2022

Hargreaves Lansdown Advisory Services Limited

INCOME STATEMENT

For the year ended 30 June 2022

	Note	Year ended 30 June 2022	Year ended 30 June 2021
		£	£
Revenue	4	13,349,949	14,627,446
Administrative expenses		(18,481,034)	(21,214,151)
Operating loss	5	(5,131,085)	(6,586,705)
Interest receivable and similar income	7	1,208	118,058
Loss before taxation		(5,129,877)	(6,468,647)
Tax on loss	8	869,667	1,250,115
Loss for the financial year		(4,260,210)	(5,218,532)

All results derive from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Loss for the financial year	(4,260,210)	(5,218,532)
Total comprehensive expense for the year	(4,260,210)	(5,218,532)

The notes on pages 13 to 27 are an integral part of these financial statements.

Hargreaves Lansdown Advisory Services Limited

STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		At 30 June 2022	At 30 Jun 2021
	Note	£	£
Fixed assets			
Intangible assets	9	5,142,290	5,079,792
Tangible assets	10	7,414	33,302
Investments	11	1	1
		<u>5,149,705</u>	<u>5,113,095</u>
Current assets			
Trade and other receivables	12	6,871,553	53,147,784
Cash at bank and in hand		4,099,895	4,123,466
Deferred tax assets	8	45,477	122,210
Current tax assets		7,080	136,864
		<u>11,024,005</u>	<u>57,530,324</u>
Current liabilities			
Trade and other payables	13	<u>(2,986,669)</u>	<u>(51,400,579)</u>
Net current assets		<u>8,037,336</u>	<u>6,129,745</u>
Net assets		<u>13,187,041</u>	<u>11,242,840</u>
Equity			
Called up share capital	14	6,000,100	100
Retained earnings		7,186,941	11,242,740
Total shareholders' funds		<u>13,187,041</u>	<u>11,242,840</u>

The financial statements on pages 10 to 27 of Hargreaves Lansdown Advisory Services Limited, registered number 03509545, were approved and authorised for issue by the board of Directors on 23 September 2022 and signed on its behalf by:

Mark Hastings

M P Hastings
Director

The notes on pages 13 to 27 are an integral part of these financial statements.

Hargreaves Lansdown Advisory Services Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Called up share capital £	Retained earnings £	Total shareholders' funds £
At 1 July 2020	100	16,313,827	16,313,927
Loss for the financial year and total comprehensive expense for the year	-	(5,218,532)	(5,218,532)
Employee share option schemes:			
Share-based payments (note 6)	-	128,378	128,378
Current tax effect of share-based payments (note 8)	-	39,533	39,533
Deferred tax effect of share-based payments (note 8)	-	(20,466)	(20,466)
At 30 June 2021	100	11,242,740	11,242,840
Total comprehensive expense for the year	-	(4,260,210)	(4,260,210)
Capital contribution (note 17)	6,000,000	-	6,000,000
Employee share option schemes:			
Share-based payments (note 6)	-	189,830	189,830
Current tax effect of share-based payments (note 8)	-	7,343	7,343
Deferred tax effect of share-based payments (note 8)	-	7,238	7,238
At 30 June 2022	6,000,100	7,186,941	13,187,041

Retained earnings represents total comprehensive expense for the current and prior year plus share-based payments adjustments and related tax credits/(charges).

The notes on pages 13 to 27 are an integral part of these financial statements.

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Hargreaves Lansdown Advisory Services 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 1 College Square South, Anchor Road, Bristol, BS1 5HL, England, United Kingdom. The Company is a wholly owned subsidiary of Hargreaves Lansdown plc. The Company’s principal activity during the year was the provision of advisory services through the Company’s own financial advisers.

These financial statements are presented in pounds 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 Advisory Services 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 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 2022. 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
- 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.

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Application of new standards

The following amended IFRS standards effective for periods beginning 1 January 2022 have been applied:

- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

Changes in accounting policy

None of the standards or amendments below had been endorsed by the UK as at 30 June 2022:

- Amendments to IAS 1, Practice Statement 2 and IAS 8;
- Amendments to IAS 1 'Presentation of Financial Statements' - classification of liabilities as current and non-current; and
- Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.

The Company is currently assessing 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.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.2 Revenue recognition

Revenue represents fees receivable from financial services provided to clients. It relates to services provided in the UK and is stated net of value added tax.

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 ongoing advice charges and renewal commission. This is revenue predominantly earned over time.

Ongoing advice charges are levied monthly in arrears for the period during which the service is provided and are calculated as a percentage of the assets under management within the Company's Portfolio Management Service.

The Portfolio Management Service is provided to clients who prefer a managed service. This service encompasses the HL platform custody and administration, fund management and ongoing advice services, but only ongoing services are provided by the Company. All revenue streams are as described above. Additionally, initial advice charges are levied on taking the product up or on any advised deposit into the product, as described in transactional revenue below. Each stream is separately charged in relation to the product. Each stream can also be taken by HL clients who do not use the Portfolio Management Service, either as separate services or in any combination as required.

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

Although most ongoing revenue is based on the value of underlying benefits, these 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 value, 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 received.

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

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

Initial advice charges are made to clients for providing advice to clients on specific financial matters or in relation to amounts deposited into the Portfolio Management Service. This can take the form of ad hoc advice on a specific pool of assets or initial advice about taking managed services. The transaction price is determined at the point advice is accepted based on the final value of assets that are being advised upon. Revenue is recognised at the point at which acceptance of the advice is made by the client and payment is taken on the implementation of advice. The average time between acceptance and implementation is 30 days, if advice is not accepted then no charge will be taken. If the client is advised to take a managed service, ongoing advice charges are levied separately.

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 or arrears.

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.

2.3 Administrative expenses

Staff costs represent amounts paid to employees in respect of services provided in the year including wages and salaries, share-based payment expenses, bonuses, payments to a defined contribution retirement benefit scheme and related social security costs. Other operating costs represent those arising as a result of operations. 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, which are stated at cost less amortisation and any recognised impairment loss. Amortisation is provided, where material, on all intangible assets 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 and internally generated assets – over three to eight years

Computer software relates to purchases of licences and software, as well as internally generated systems improvements. Internally generated assets that are not yet in use are classified as Assets under Construction. 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 Consolidated Income Statement.

Included in computer software are IT development costs that are capitalised only to the extent that they lead to the creation of an enduring asset, which delivers benefits at least as great as the amount capitalised and in accordance with the recognition criteria of IAS 38 Intangible assets. Development work has been undertaken in-house by IT staff and management to enhance the key operating systems. 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 system of eight years.

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Intangible assets (continued)

This key operating system is fundamental to the operation of the company enabling revenue to be earned. Where such costs relate to an asset that is not yet fully available for use by the business, they have been separately classified as assets under construction, they are reviewed for impairment at least annually.

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 four years

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

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

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.

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.

2.6 Pensions

The Group operates a defined contribution group personal pension plan for staff, which the employees of the Company are members of. 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.

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.8 Current and deferred taxation

The tax credit 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 timing 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 timing 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 timing 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 income

Interest income is accrued on a time basis by reference to the principal balance and the effective interest rate applicable.

2.10 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. Impairment losses are recognised immediately in the Income Statement.

Accrued income relates to balances for which the Company has provided services, but balances are billed in arrears and as such are not yet due. The amount relates to fund management fees, interest on deposits and services direct to clients. The revenue is recognised evenly over the period during which services are provided, with initial recognition occurring at commencement of the agreement period.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash, 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.

2.12 Trade and other payables

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Trade and other 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 payables.

2.13 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 Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (CONTINUED)

2.13 Share-based payments (continued)

The Company 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.

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.

2.14 Investments

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.

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.

The Company is making a significant investment in the development of a new item of software. Given the expected long-term economic benefit that this is expected to bring, development costs are being capitalised. The asset is in development at year-end and tests have been carried out to determine whether any impairment has been suffered. The assessment was based on value-in-use calculations requiring the use of assumptions, including cash flow projections based on operating plans approved by management. These cash flows cover a ten year period and are extrapolated using estimated growth rates for the Company that are in line with those used for the industry in which it operates and determined relative to the wider Group to which the Company belongs. The valuation was performed over a range of discount and growth rates, with value in use calculations ranging from £41.0m to £62.2m, using discount rates ranging between 9.0% and 11.2%.

There are no 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.

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

4. REVENUE

Revenue relates entirely to services provided in the UK and, where applicable, is stated net of value added tax. It represents the amount of charges received from the provision of financial advice to clients and the provision and ongoing servicing of the advised Portfolio Management Service.

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Revenue from services:		
<i>Ongoing revenue</i>		
- Ongoing advice charges	8,300,113	8,999,598
- Renewal commission	793,771	569,215
<i>Transactional revenue</i>		
- Initial advice charges	4,244,639	5,009,319
- Other transactional income	11,426	49,314
	<u>13,349,949</u>	<u>14,627,446</u>

5. OPERATING LOSS

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Stated after charging:		
Auditors' remuneration – audit services	55,000	40,000
Auditors' remuneration – non-audit services	11,200	10,000
Amortisation of intangible assets (note 9)	-	198,619
Depreciation of tangible assets (note 10)	25,888	47,398
Staff (including contractors) costs (note 6)	10,642,404	11,613,366
Other operating costs	<u>7,746,542</u>	<u>9,304,768</u>

Non-audit services relate to CASS related assurance reporting for the Company.

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

6. STAFF COSTS AND DIRECTORS' REMUNERATION

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

	Year ended 30 June 2022	Year ended 30 June 2021
	No.	No.
Administrative functions	15	14
Operating and support functions	<u>132</u>	<u>135</u>
	<u>147</u>	<u>149</u>

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

6. STAFF COSTS AND DIRECTORS' REMUNERATION (CONTINUED)

Aggregate remuneration	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Wages and salaries	7,665,144	8,609,029
Social security costs	1,030,025	1,076,136
Other pension costs	1,748,553	1,836,184
Share-based payments	189,830	128,378
Total costs paid for staffing	10,633,552	11,649,727
Capitalised in year	8,852	(36,361)
Staff (including contractors) costs	10,642,404	11,613,366
Directors' remuneration		
	£	£
Emoluments	91,805	92,004
Pension contributions	6,027	4,582
	97,832	96,586

In addition to the amounts above, Directors of the Company received an aggregate amount of £203,933 relating to the exercise of share options (2021: £569,819). Two Directors (2021: three) were members of money purchase pension schemes during the year. Two Directors have exercised share options during the year (2021: three). During the year awards under deferred bonus schemes were also made to four key management personnel (2021: three).

The emoluments of the highest paid Director were £32,149 (2021: £38,933), pension contributions were £1,466 (2021: £1,404) and gains on the exercise of share options were £Nil (2021: £358,836). The Director received 35,268 shares under a long-term incentive scheme in respect of qualifying services (2021: 29,260).

The staff costs above are after costs that have been capitalised under intangible assets as internally generated assets. In total £(10,864) of wages and salaries (2021: £Nil), social security costs of £387 (2021: £Nil) and pension costs of £1,625 (2021: £Nil) were capitalised.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Bank interest	1,208	118,058

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

8. TAX ON LOSS

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
The total tax credit based on the loss for the year comprises:		
Current tax: on losses for the year	(956,070)	(1,070,219)
Current tax: adjustments in respect of prior years	2,432	(146,616)
	<u>(953,638)</u>	<u>(1,216,835)</u>
Deferred tax: origination and reversal of timing differences	83,978	(197,464)
Deferred tax: adjustments in respect of prior years	(7)	164,184
Total tax credit for the year	<u>(869,667)</u>	<u>(1,250,115)</u>

Corporation tax is calculated at 19% of the estimated assessable loss for the year to 30 June 2022 (2021: 19%).

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

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Deferred tax relating to share-based payments	(7,238)	20,466
Current tax relating to share-based payments	(7,343)	(39,533)
	<u>(14,581)</u>	<u>(19,067)</u>

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

	Year ended 30 June 2022	Year ended 30 June 2021
	£	£
Loss before taxation from continuing operations	<u>(5,129,877)</u>	<u>(6,468,647)</u>
Tax at the standard UK corporation tax rate of 19% (2021 – 19%)	(974,677)	(1,229,043)
Effects of:		
Items not allowable for tax	97,424	1,644
Impact of change in UK tax rate on deferred tax opening balances	9,611	(20,338)
Impact of change in UK tax rate on temporary difference	2,425	-
Adjustments in respect of prior years	(4,450)	(2,378)
Total tax credit for the year	<u>(869,667)</u>	<u>(1,250,115)</u>

Factors affecting total tax credit

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. Following the enactment of Finance Act 2021 the standard UK corporation tax rate will remain at 19% before increasing to 25% from 1 April 2023. Accordingly, the Group's taxable profits for this accounting year are taxed at 19%. Deferred tax has been recognised at either 19% or 25% depending on the rate expected to be in force at the time of the reversal of the temporary difference.

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

8. TAX ON LOSS (CONTINUED)

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.

Deferred tax assets

Deferred tax is provided at 19% or 25% (2021: 19% or 25%) as follows:

	Fixed asset tax relief	Share- based payments	Other deductible temporary differences	Total
	£	£	£	£
At 1 July 2020	34,161	75,236	-	109,397
Credit/(charge) to income	12,836	(5,882)	26,325	33,279
Charge to equity	-	(20,466)	-	(20,466)
At 30 June 2021	46,997	48,888	26,325	122,210
Charge to income	(1,696)	(55,950)	(26,325)	(83,971)
Credit to equity	-	7,238	-	7,238
At 30 June 2022	45,301	176	-	45,477
Deferred tax expected to be recovered or settled as at 30 June 2022:				
Within 1 year after reporting period	8,202	-	-	8,202
> 1 year after reporting period	37,099	176	-	37,275
At 30 June 2022	45,301	176	-	45,477

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

9. INTANGIBLE ASSETS

	Computer software and internally generated intangibles	Total
	£	£
Cost:		
At 1 July 2020	4,018,690	4,018,690
Additions	2,833,026	2,833,026
Impairment	(1,733,395)	(1,733,395)
At 30 June 2021	5,118,321	5,118,321
Additions	62,498	62,498
Impairment	-	-
At 30 June 2022	5,180,819	5,180,819
Accumulated amortisation:		
At 1 July 2020	237,030	237,030
Charge	198,619	198,619
Disposals	(397,120)	(397,120)
At 30 June 2021	38,529	38,529
Charge	-	-
Disposals	-	-
At 30 June 2022	38,529	38,529
Net book value:		
At 30 June 2022	5,142,290	5,142,290
At 30 June 2021	5,079,792	5,079,792
At 30 June 2020	3,781,660	3,781,660

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

Included in computer software and internally generated intangibles is a balance of £5,142,290 (2021: £5,079,792) in relation to assets under construction.

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

10. TANGIBLE ASSETS

	Computer hardware £	Office equipment £	Total £
Cost:			
At 1 July 2020	469,032	12,382	481,414
Additions	-	-	-
Disposals	(21,373)	-	(21,373)
At 30 June 2021	447,659	12,382	460,041
Additions	-	-	-
Disposals	-	-	-
At 30 June 2022	447,659	12,382	460,041
Accumulated depreciation:			
At 1 July 2020	388,373	12,341	400,714
Provided during the year	47,357	41	47,398
Disposals	(21,373)	-	(21,373)
At 30 June 2021	414,357	12,382	426,739
Provided during the year	25,888	-	25,888
Disposals	-	-	-
At 30 June 2022	440,245	12,382	452,627
Net Book Value:			
At 30 June 2022	7,414	-	7,414
At 30 June 2021	33,302	-	33,302
At 30 June 2020	80,659	41	80,700

11. INVESTMENTS

	At 30 June 2022 £	At 30 June 2021 £
Investment in subsidiary company	1	1

The investment in the ordinary share capital of the subsidiary undertaking, which is incorporated in the United Kingdom, is:

Name of company	Nature of business	Country of incorporation	Shares held	Voting rights	Registered address
Hargreaves Lansdown Pensions Limited	Non-trading	UK	100%	100%	One College Square South, Anchor Road, Bristol, BS1 5HL, England, United Kingdom

The Directors believe that the carrying value of the investments is supported by their underlying net assets. The subsidiary is exempt from the requirements to prepare, file and audit individual financial statements under s394A and s448A of Companies Act 2006.

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2022	At 30 June 2021
	£	£
Trade receivables	347,530	635,850
Amounts owed by group undertakings	5,652,528	51,466,100
Prepayments	34,410	39,030
Accrued income	837,085	946,840
Other receivables	-	59,964
	<u>6,871,553</u>	<u>53,147,784</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The decrease in amounts owed by group undertakings arises as a result of active group cash management.

Accrued income relates to outstanding balances from clients for ongoing advice charges, these balances are generally one month old at year end.

Included in the current assets of the Company is a corporation tax asset of £7,080 (2021: £136,683), 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 2022 as a receivable balance due to overpayments in the year.

13. TRADE AND OTHER PAYABLES

	At 30 June 2022	At 30 June 2021
	£	£
Amounts owed to group undertakings	44,503	48,469,256
Other payables	2,150,466	1,898,905
Other taxes and social security	450,818	491,429
Trade payables	14,990	14,624
Accruals	325,892	526,365
	<u>2,986,669</u>	<u>51,400,579</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The decrease in amounts owed to group undertakings arises as a result of active group cash management.

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

14. CALLED UP SHARE CAPITAL

	Authorised, allotted, called up and fully paid			
	At 30 June 2022	At 30 June 2021	At 30 June 2022	At 30 June 2021
	No.	No.	£	£
Ordinary shares of £1 each	6,000,100	100	6,000,100	100

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

15. SHARE-BASED PAYMENTS

Equity-settled share option schemes

The Company seeks to facilitate significant equity ownership by senior management, principally through schemes which encourage and assist the purchase of the Parent Company's shares. The Group operates three share option plans: the 2009 Employee Savings-Related Share Option Scheme ("SAYE"), the Hargreaves Lansdown plc Share Incentive Plan ("SIP") and the Hargreaves Lansdown Company Share Option (2000 and 2010) Schemes (the "Executive Option Schemes").

Awards granted under the Employee SAYE scheme vest over three or five years. Awards granted under the Employee Share Incentive Plan vest over a three-year period. Awards granted under the Executive Option Schemes vest between nil and ten years. Options are exercisable at a price equal to the HMRC approved market value of the parent company's shares on the date of grant. Options are forfeited (in most circumstances) 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 2022		Year ended 30 June 2021	
	Share options	Weighted average	Share options	Weighted average
	No.	exercise price	No.	exercise price
		£		£
SAYE				
Exercised during the year	1,587	12.2135	20,791	12.0194
Executive Option Schemes				
Exercised during the year	2,500	9.8000	44,609	10.3854

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

	Year ended 30 June 2022		Year ended 30 June 2021	
	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	31,708	1,205.9	31,242	1,278.3
1-2 years	4,044	1,232.0	79,737	1,163
2-3 years	118,700	808.0	16,717	1,229.4
	154,452	900.8	127,696	1,199.9

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

16. SUBSEQUENT EVENTS

There are no material events to note since the year ended 30 June 2022.

Hargreaves Lansdown Advisory Services Limited

NOTES TO THE FINANCIAL STATEMENTS

17. RELATED PARTY TRANSACTIONS

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. Fellow group undertakings are the subsidiary companies of the ultimate parent as detailed in the group financial statements.

Receivables	Ultimate Parent		Fellow Group undertakings	
	2022	2021	2022	2021
Assets	£	£	£	£
At the beginning of the year	51,458,644	31,167,291	7,456	7,456
Net amount (repaid)/advanced	(50,646,772)	20,291,353	4,833,200	-
At the end of the year	811,872	51,458,644	4,840,656	7,456

Payables	Ultimate Parent		Fellow Group undertakings	
	2022	2021	2022	2021
Liabilities	£	£	£	£
At the beginning of the year	-	-	(48,469,256)	(17,753,322)
Net amount repaid/(advanced)	-	-	48,424,753	(30,715,934)
At the end of the year	-	-	(44,503)	(48,469,256)

Receivables from the ultimate parent and fellow group undertakings comprise amounts owed by group undertakings as shown in note 12.

Payables to the ultimate parent and fellow group undertakings comprise amounts payable to group undertakings as shown in note 13.

The receivable amount from the ultimate parent reflects that Hargreaves Lansdown Advisory Services Limited cash deposits are held in the name of the ultimate parent as they have the legal contract with the credit institution.

Amounts owed to group undertakings largely relate to costs incurred by Hargreaves Lansdown Asset Management Limited, as this is the main company in the Group through which payments are made.

Amounts owed accrue no interest and are repayable upon demand.

Capital Contribution

During the year the parent company increased its shareholding in the ordinary shares by £6,000,000, through a purchase of shares for consideration in cash. Further details can be found in note 14.

18. CAPITAL MANAGEMENT (UNAUDITED)

The Company is part of the Hargreaves Lansdown plc Group and is regulated by the FCA. It is individually classed as a Personal Investment Firm and is required to comply with the capital requirements set out in the FCA's Interim Prudential Sourcebook for Investment Businesses and the FCA's Prudential Sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries. The Company manages its retained earnings, share capital and share premium which total £13,187,041 (audited) (2021: £11,242,840 – audited) as at 30 June 2022.

19. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is Hargreaves Lansdown plc, which is incorporated in the United Kingdom and 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