Hargreaves Lansdown plc

Unaudited Preliminary Results Announcement Year ended 30 June 2013

Embargoed: for release at 0700h, 4 September 2013

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

Hargreaves Lansdown plc ("Hargreaves Lansdown" or the "Company") is pleased to announce its preliminary results for the year ended 30 June 2013.

Highlights:

- Total assets under administration up 38% at £36.4 billion
- Revenue increased by 22% to £292.4 million
- Profit before tax increased by 28% to £195.2m
- Continued strong organic growth
- Total clients increased by 76,000 to 507,000 since June 2012
- Total dividend up 31% at 29.59 pence per share

	Year to 30 June 2013	Year to 30 June 2012	**Change %**
Revenue	**£292.4m**	£238.7m	**+22%**
Profit before tax	**£195.2m**	£152.8m	**+28%**
Operating profit margin	**65.8%**	63.1%	**+2.7pts**
Total assets under administration	**£36.4bn**	£26.3bn	**+38%**
Diluted earnings per share	**31.4p**	24.1p	**+30%**
Net business inflows	**£5.1bn**	£3.2bn	**+59%**

Ian Gorham, Chief Executive, commented:

"Investors' desire for a market leading, modern and financially robust investing service have enabled us to once again produce record results. We announce that our clients have entrusted a further £5.1 billion to us resulting in £36.4 billion of assets under administration. We have also welcomed 76,000 new clients during the year now totalling 507,000. This has led to a 22% increase in revenues and 28% growth in profits. We thank our diligent staff for their efforts and our clients for their continued loyalty."

About us:

The Hargreaves Lansdown Group (the "Group") is the UK's largest direct to investor "investment supermarket". The Group provides the UK investing public with access to a wide choice of investments and attracts high quality earnings derived from the value of investments under administration or management, primarily through its market leading Vantage service.

Our success can be attributed to good value pricing, innovative marketing, excellent research and information and high retention of clients through the provision of first class service. The company employs a unique direct marketing model which is cost effective, scalable and affords a high profit margin despite giving clients access to low cost investing.

Unlike a traditional asset manager, the broad choice of investments and products available through the Group and the diversity of services mean that a client's assets usually stay within the Hargreaves Lansdown stable available through Vantage. Even if a client chooses to switch investments or into different asset classes or products, the wide choice, from equity to cash management facilities, means the client assets are usually retained.

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Analysts' presentation

Hargreaves Lansdown will be hosting an investor and analyst presentation at 9.00am on 4th September 2013 following the release of the results for the year ended 30 June 2013. Access is by invitation only. Slides accompanying the analyst presentation will be available this morning at www.hl.co.uk/investor-relations and an audio recording of the analyst presentation will be available by close of day.

Forward-looking statements

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

Extract from Chairman's Statement

"I have great pleasure in announcing our excellent results for the year ended 30 June 2013. The Group has enjoyed record new business flows and record new clients leading to a substantial increase in profits."

These results speak for themselves. We have increased margins, profits, funds under management and improved client satisfaction. Hargreaves Lansdown continues to be a financially strong organisation with a clean, strong, debt-free balance sheet retaining a healthy margin over the regulatory capital adequacy requirements; a source of comfort to our clients. Therefore after careful review of the company's future cash requirements, paying due regard to planned strategic initiatives, the Board has decided to increase the dividend by paying a second interim ordinary dividend of 14.38p per share (2012: 10.65p) and an increased special dividend of 8.91p per share (2012: 6.84p) representing total dividends for the year of 29.59p per share (2012: 22.59p); an increase of 31%.

The culture at Hargreaves Lansdown has been built around looking after the interests of our clients and our business is now entrusted with over £36 billion of the UK public's savings. Its security is a vital part of the Board's duties and good governance is key.

During the coming year, to meet new regulation in the form of the Retail Distribution Review (RDR) and the end of the commission era, we shall change the company's pricing model. This change will mainly be limited to clients holding fund investments. We shall offer funds with lower annual management charges and at the same time introduce charges for the service we provide. I am confident that these new measures will be introduced smoothly and efficiently. Whilst it will represent a significant change, fortunately our clients are faithful and enthusiastic about our service and I am confident they will reward us by embracing the new charging structure.

As ever, the coming year will be a challenging one but I have every confidence that we will take it in our stride. As always, my gratitude goes to the Board and the talented people we employ for their continuing hard work, diligence and enthusiasm.

Michael Evans
Chairman
4 September 2013

Extract from Chief Executive's Review

We are pleased to present our results for the year ended 30 June 2013, once again reporting record revenues (+22%) and operating profits (+28%). The most salient features are the record growth in net new business and clients. Net new business was £5.1 billion (+59%) and we welcomed 76,000 net new clients (+69%).

We remain focused on client service, which leads to client recommendation and contributes to our growth and success. 96% of clients rated our services as good, very good or excellent.

Our identified areas of growth: private and occupational pensions; our investment supermarket; and the internet continue to be strategic priorities. The forthcoming Retail Distribution Review (RDR) is an opportunity to capitalise on our respected market position. Our pioneering position in the growing popularity of self-directed investing is proving its worth.

Review of the economic background

Excessive debt is still a feature amongst countries, banks and individuals. Some economic data with regard to employment figures in the UK and particularly the US is encouraging. However, the volatile reaction of markets to any change of policy by institutions such as the US Federal Reserve acts as a reminder of the continuing fragile nature of the economic environment.

Improvement in sentiment, allied to continued quantitative easing and low interest rates, served to improve stock markets during the year, with the FTSE All-Share index share advancing 14% in the year to 30 June 2013.

Hargreaves Lansdown's 2013 results

We report a record profit before tax of £195.2 million, up 28% on last year's £152.8 million. Our ability to attract and retain assets and clients has been key to our continued profitability. We would single out our new pension incentives, improvements in the provision to look after family investments, the expansion of equity trading and the embracing of mobile technology as key successes.

We report a substantial 38% increase in client assets under administration from £26.3 billion to £36.4 billion. Net new business for the year was £5.1 billion (2012: £3.2 billion) with market movement and other factors adding a further £5.0 billion. An additional 76,000 investors (2012: 45,000) net, became new clients during the year taking total active clients for Vantage and advised services combined to 507,000.

Our Corporate Vantage service continues to expand, with 78 schemes live or in implementation (2012: 47). This 66% increase in schemes has been accompanied by a 275% increase in Corporate Vantage assets, which have now passed the £355 million mark. Although this project remains long-term we are delighted with the success to date.

Our mission is to retain our position as the best place in the UK to buy investments. We are estimated to have 28% of the direct investing market (Source: The Direct Platform Guide Issue 3, February 2013), a market predicted to expand substantially, and over the last year we have increased assets, clients and market share. For example, Hargreaves Lansdown saw an increase of 24.2% in Stocks and Shares ISA subscriptions in the 2012/13 tax year against the previous tax year, whereas UK overall Stocks and Shares ISA subscriptions increased by only 5.4% in the year. During the year we further improved our stockbroking services in nature and scope resulting in our share of the UK execution-only stockbroking market rising to 19.4% (2012: 14.1% - source ComPeer XO Quarterly Benchmarking Report Quarter 2 2013). We also saw increased business in Investment Trusts, ETFs and passive funds.

None of this success would be possible without the confidence of our clients. We work hard to retain their loyalty by delivering high service levels and an efficient experience.

2013 market outlook

Whilst there is some indication that companies and economies have adapted to deal with the new paradigms of low interest rates and low growth, austerity is here to stay for some time. A more positive environment may be developing, but short-term volatility will remain, as markets react to any potential removal of stimuli.

Last year I wrote "we shall have to work hard to promote the benefits of investing. Reduced state support for the public means saving and investing is more important than ever. There is little prospect of higher interest rates on cash in the near future so equities and bonds remain good alternatives for potential higher income…. equity markets also offer patient investors the opportunity for future capital growth." The same remains true today.

Company outlook

During the year we consolidated our position as a leading FTSE 100 company. Our financial success has been built on continuing to deliver exceptional service, information and value. As a profitable company with no debt we present the financial strength to give investors comfort. This also enables us to reinvest in our business and respond to competitor activity.

We continue to enhance our services and take advantage of the RDR, a regulatory development which requires short-term operational systems changes but nevertheless offers opportunity. As some Banks and financial advisers withdraw from the market we are presented with the opportunity to fill that gap profitably with our low-cost, efficient and trusted services.

In the 2014 financial year there will be some pressure on income earned from interest on cash deposits, caused by the current extremely low interest rates. This has been exacerbated by the government's "Funding for Lending" scheme which has reduced deposit rates significantly.

Throughout Hargreaves Lansdown's history the cost of retail investing, including our own charges has reduced over time. We will continue to share the benefits of scale, technology and success with our clients in a virtuous circle. Our clients have previously rewarded us with increased volumes of business for our investment and we will work hard to encourage them to continue to do so. For example, this year we have undertaken an exercise to improve discounts from investment providers, providing an additional edge in giving value to clients in return for their loyalty.

The impact of regulation

We expect regulatory change to continue, creating challenge and cost, but also opportunity. Hargreaves Lansdown has the scale, resources and innovative skills to cope with additional regulation which is an increasing barrier to entering or competing in our marketplace.

The Retail Distribution Review (RDR) remains a major theme. We have benefited from "RDR Phase 1" introduced on 31 December 2012 which relates mainly to financial advice. Our advisory services were fee-based long before the rules were implemented. New assets gathered from advice increased 42% to £786 million and our discretionary service, PMS, saw 31% growth in assets during the year. The rules also encouraged a move to self-directed investment resulting in a flood of transfers of assets and clients gained from advisory businesses.

The rules for "RDR Phase 2" were published on 26 April 2013. The reforms require the unbundling of pricing on investment products and from 6 April 2014 fees for investment and platform services will be charged separately. The rules are clear and we are confident about implementing these changes whilst maintaining our high service levels. Our investment in negotiating lower charges for clients and our own investment in systems to facilitate low charges will result in the majority of clients paying less for their investing services in future. We expect to introduce our new pricing model for funds in early 2014.

The impact of RDR Phases 1 and 2 will take a while to filter through. We do not expect RDR to cause any material disruption to profitability. Provided the RDR changes are applied fairly to all companies, our proposition of a strong service and value offering to a loyal client base should help us to navigate the change well.

The year saw two new regulators; the Financial Conduct Authority (FCA) and Prudential Regulatory Authority (PRA) which replaced the Financial Services Authority (FSA). We are now regulated by the FCA and consider we have a constructive relationship with regulators. Whilst it is early days, we consider the conduct of the FCA at policy level, particularly in seeking engagement and consumer-friendly outcomes, to be positive.

We encourage the new regulators to seek practical outcomes that make a difference to investors and reward good practices, resisting foisting vast paperwork and warnings that confuse, serve little useful purpose and add cost for consumers. Hargreaves Lansdown has been successful to date despite regulation and government apathy in supporting investing. It is easier to promote gambling, alcohol or payday loans to the UK public than the concept of investing in reputable investments or financing British companies to support our economy. That needs to change. The FCA, working with the Treasury, has the opportunity to take a fresh look at achieving sensible regulation and make it easier to encourage the UK public to invest.

Contributions to the Financial Services Compensation Scheme (FSCS) continue to be a burden. We are supportive of a safety net for retail investors but we remain critical of the way the FSCS is funded and some of its supplementary activities. We continue to campaign for a rational, sensible, economic compensation scheme, including having direct dialogue with the FSCS over our concerns.

Corporate citizenship and improving investing for the UK public

We see our purpose to be a safe custodian, offer a great service and exercise the UK public's buying power on their behalf. We work tirelessly and innovatively researching how to help people make the most of their money. One aspect of achieving this goal is to campaign on behalf of the retail investor to make investing easier and cheaper.

During the year we have supported the campaign for annuity "shopping around"; supported amendments to the Pensions Bill to potentially increase pensioner income; worked with political parties to simplify auto-enrolment; supported the IMA campaign for clearer charges and backed the FCA in promoting good regulation.

Over six million children cannot take advantage of Junior ISAs because they are locked into the obsolete Child Trust Funds (CTFs) - where there are fewer providers, less choice and often poorer returns. After lobbying from Hargreaves Lansdown and others the Government has now agreed to consult on what we hope to be the first step in allowing CTFs to be transferred to superior Junior ISAs.

We support improved portability of client assets, encouraging retail investors to move easily from old, obsolete investment plans to better value modern products.

We seek to remain the friend of the retail investor, whatever their financial means. Our new RDR pricing structure has been specifically designed to be fair, attractive and excellent value for both small and large investors.

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

Conclusion

I would again like to thank our clients, shareholders, staff and my fellow directors. Their continued support, good humour and efforts have delivered exceptional results.

Ian Gorham
Chief Executive
4 September 2013

Extract from Business and Financial Review

Despite continued tough economic conditions, it has been another record year for the Group in terms of revenue and profits. A significant bounce back in world stock markets during the year to 30 June 2013 combined with record levels of organic growth from new business and new clients meant that we ended the year with a record £36.4bn of AUA.

	2013 £'million	2012 £'million	% movement
Revenue	292.4	238.7	+22%
Administrative expenses	(100.4)	(83.3)	+21%
Total FSCS levy	0.5	(4.8)	-
Operating profit	192.5	150.6	+28%
Non-operating income	2.7	2.2	+23%
Profit before taxation	195.2	152.8	+28%
Taxation	(46.2)	(39.5)	+17%
Profit after taxation	149.0	113.3	+32%
Basic earnings per share (pence)	31.7	24.2	+31%
Diluted earnings per share (pence)	31.4	24.1	+30%

The Group achieved revenue of £292.4m, a 22% increase compared to FY 2012, driven primarily by increased levels of AUA.

Continued robust control of costs and scalable operations have contributed to the improved operating profit margin which increased to 65.8% (FY 2012: 63.1%).

The effective tax rate for the Group this year was 23.7% (FY 2012: 25.9%). The 28% increase in operating profit, together with a lower rate of corporation tax, combined to increase the diluted earnings per share from 24.1 pence to 31.4 pence per share.

Assets Under Administration (AUA) and new business inflows

During the year the value of total AUA has increased by 38%. The Group achieved net new business inflows of £5.1 billion, and the positive impact of the rise in investment markets and other growth factors increased client assets by a further £5.0 billion. Total AUA can be broken down as follows:

	At 30 June 2013 (£'bn)	At 30 June 2012 (£'bn)	% movement
Vantage Assets Under Administration (AUA)	**34.2**	24.6	**+39%**
Assets Under Administration and Management (AUM)			
- Portfolio Management Service (PMS)	**2.1**	1.6	**+31%**
- Multi-manager funds held outside of PMS	**1.2**	0.8	**+50%**
AUM Total	**3.3**	2.4	**+38%**
Less:			
Multi-manager funds (AUM) included in Vantage AUA	**(1.2)**	**(0.8)**	**+50%**
Total Assets Under Administration	**36.4**	26.3	**+38%**

Net new business in the Vantage ISA, SIPP and other Vantage nominee accounts was respectively £1.8 billion, £1.9 billion and £1.1 billion (2012: £1.1 billion, £1.4 billion, £0.6 billion), in total £4.8 billion (2012: £3.1 billion).

Net new business generated within PMS was also strong at £271 million (2012: £113 million). The increase was assisted by an increase to the number of financial advisers employed by the Group this year.

Investment markets improved during the year, with the average level of the FTSE All-Share index being 10.4% higher compared to FY 2012, contributing to market growth of £4.7 billion in Vantage AUA and £0.3 billion in PMS.

The second half of the year is our busiest as the tax year-end is an important driver of new business. This year £3.45 billion of net new business came in the second half. From 1 January 2013 we introduced a loyalty bonus on SIPP accounts. This encouraged new clients to open SIPP accounts and also pension transfers into our SIPP. Phase 1 of RDR, introduced on 31 December 2012, dictated that firms must offer transfers of client assets in stock, meaning that clients would no longer risk being "out of the market" for a period of time when transferring to Hargreaves Lansdown. This gave us an opportunity to significantly increase transfer business.

Cash deposit rates on offer from banks have fallen to historically low levels, partly as a result of the government's "Funding for Lending" scheme. Those seeking a higher return have turned to alternative investment options such as funds and shares, which offer higher yields and potential capital growth. This factor has spurred clients to divert more of their savings into investments in Vantage.

Increased investor confidence and rising markets in the second half of the year have also enhanced inflows of new assets.

More clients are investing through Hargreaves Lansdown than ever before. In total we now administer investments for over 507,000 clients.

Total revenue

The improvement in investment markets during the year has had a beneficial effect on AUA and on revenue in all three divisions. A significant contribution to the 22% growth in revenue has also come from organic growth in AUA and from new clients investing with us.

	% movement	**Year ended 30 June 2013 £'million**	Year ended 30 June 2012 £'million
Vantage	**+22%**	**227.2**	185.7
Discretionary	**+25%**	**34.1**	27.3
Third Party and Other services	**+21%**	**31.1**	25.7
Total revenue	**+22%**	**292.4**	238.7

Most of the revenue growth occurred in the Vantage division, where AUA increased by £9.6 billion. The overall revenue margin earned on Vantage AUA decreased from 81bps to 75.5bps, primarily as a result of lower interest rates earned on deposits. As highlighted in the Interim Results and noted above in the Chief Executive's statement, deposit rates started to reduce early in the financial year and are now significantly lower than last year. For example, the 12-month LIBOR rate was 0.92% at the end of June 2013 compared to 1.80% a year earlier. As a result, the revenue margin on cash balances (c10% of AUA) reduced in the second half of the financial year. If rates remain at this level, as is likely, a more significant reduction will affect the 2014 financial year.

Vantage

The Vantage division increased its revenues by £41.5 million or 22%, from £185.7 million to £227.2 million. This was driven primarily by the 39% growth in AUA and the impact of a full year's income on assets gathered during the previous year.

The £4.8 billion growth in AUA resulting from net new business inflows, or 'organic growth', was 20% this year (2012: 13%).

The increase in AUA derived from stock market and other growth factors was 19% (2012: -6%). The combined impact of organic growth and market growth resulted in SIPP AUA growing by 37%, ISA by 36% and the Fund and Share account by 44%.

Included within the Fund and Share account is a significant holding in Hargreaves Lansdown plc shares which increased in value by 68% during the year. Excepting Hargreaves Lansdown shares, the growth in Fund and Share AUA was 39%.

As at 30 June 2013, the value of the Vantage ISA was £13.6 billion, (30 June 2012: £10.0 billion), the Vantage SIPP was £10.4 billion (30 June 2012: £7.6 billion) and the Vantage Fund and Share Account was £10.2 billion (30 June 2012: £7.1 billion).

During the year the number of active Vantage clients increased by 75,000 to 500,000, including a total of 8,000 new Corporate Vantage scheme members, taking the total Corporate Vantage members to 13,000 (2012: 5,000). We now administer 154,000 SIPP accounts, 386,000 ISA accounts and 182,000 Fund and Share accounts on behalf of our clients.

28% more clients contributed to their SIPP than in the year to 30 June 2012, with the average new contribution into a Vantage SIPP this year reducing by 15% to £8,841. The average subscription in the Vantage Stocks and Share ISA increased by 11% to £8,397, with a 37% increase to the number of clients subscribing.

Clients continued to transfer SIPP and ISA investments held elsewhere into our Vantage service. The value of transfers increased this year by a significant 52%. More clients sought to consolidate their investments and benefit from the advantages of having them all held in one place with a company they trust.

Clients have decreased their cash weightings during the period as investor sentiment began to improve and world markets rallied. The composition of assets across the whole of Vantage at 30 June 2013 was 10% cash (30 June 2012: 12%), 34% stocks and shares (30 June 2012: 31%), and 56% investment funds (30 June 2012: 57%).

A number of our clients make regular contributions into their ISA, SIPP or Fund and Share accounts. The 'Regular Savers' service has been growing steadily since being introduced ten years ago, and as at 30 June 2013 we had 66,000 clients (2012: 53,000) saving a total of £24 million each month by way of direct debit instruction. Our Corporate Vantage service has the potential to significantly increase the value of regular monthly savings and Corporate Vantage clients currently subscribe an additional £6.6 million each month.

Vantage clients transacted 5.1 million fund deals (2012: 4.1 million) and 1.9 million share deals in the year (2012: 1.5 million). No charge is made to our clients for dealing in investment funds and therefore fund dealing does not impact revenues. The increased volume of share dealing resulted in an increase to stockbroking commission of £6.5m to a total of £26.9 million.

Discretionary and Managed

The Discretionary division earns recurring income on underlying investments held in the Group's Portfolio Management Service (PMS), and on investments in the Group's multi-manager funds. Revenue in the Discretionary division increased by 25% from £27.3 million to £34.1 million. Increased renewal income and management fees resulting from the increase in AUA were the key drivers.

The value of assets managed by Hargreaves Lansdown through its own range of multi-manager funds and PMS increased by 37% to £3.3 billion as at 30 June 2013 (2012: £2.4 billion). The growth in assets is due to net new business of £0.5 billion combined with a market increase of £0.4 billion.

Our advisory service generates initial and ongoing advice fees on assets introduced into PMS. The Group has significantly increased the number of financial advisers during the year from 68 as at 30 June 2012 to 92 as at 30 June 2013. We aim to capture more of the advised market, particularly as many Independent Financial Advisers and high street banks have been exiting this market on the back of new regulatory rules such as the Retail Distribution Review. Increased adviser numbers has helped drive a 140% increase in net new business introduced into PMS during the year. Net new business amounted to £271 million (2012: £113m). The proportion of PMS assets invested in Hargreaves Lansdown multi-manager funds as at 30 June 2013 was 89% (2012: 90%).

Third Party and Other Services

Third party and other services revenues rose 21% during the year, from £25.7 million to £31.1 million.

Although the Group continues to act as an intermediary for some third party pension schemes, the focus has shifted towards the Corporate Vantage service and hence we expect that third party business will see a gradual decline. Other services, however, are delivering growth. Revenue from our Funds Library service increased by £2.5 million, driven by a general increase in all revenue streams and in particular implementation billing fees and user licence fees where we have more clients now using this service.

The total revenues from Hargreaves Lansdown Currency and Markets (CFDs, spread betting and currency services) were up £0.3m on last year as increased numbers of clients utilise these additional services, driving transactional volumes higher.

Total administration expenses

Total administrative expenses are made up of operating expenses which are under our control plus the Financial Services Compensation Scheme (FSCS) costs that are outside our control.

	Year ended 30 June 2013 £'million	Year ended 30 June 2012 £'million	% movement
Staff costs	**50.3**	43.5	+16%
Commission payable	**23.2**	16.4	+41%
Marketing and distribution costs	**11.0**	9.4	+17%
Office running costs	**3.8**	4.5	-16%
Depreciation, amortisation & financial costs	**2.0**	2.6	-23%
Other costs	**10.1**	6.9	+46%
Operating expenses	**100.4**	83.3	+21%
Total FSCS levy	**(0.5)**	4.8	
Total administrative expenses	**99.9**	88.1	+13%

Staff costs remain our largest expense as a percentage of operating expenses and decreased by 2 percentage points to 50% (2012: 52%).

The number of staff on a full-time equivalent basis (including directors) at 30 June 2013 was 741, and the average number of staff during the year was 728, an increase of 11% against an average of 657 for the comparative year.

The increase in staff numbers resulted from increased investment in IT and web services, along with recruitment of staff focused on the strategic areas of Pensions, Funds Library and Corporate Vantage, primarily in the first half of the year. We also increased the number of seasonal staff that we needed to handle the unprecedented levels of new in-specie transfer business being transferred into Vantage, in the third and early part of the fourth quarter of the year. Recent industry initiatives such as electronic registration will be beneficial, enabling us to more efficiently handle transfers. Commission payable is the portion of renewal income which the Group receives on investment funds held in Vantage and rebated to clients as a 'loyalty bonus'. This rebate to clients was paid throughout the year except on investment funds held in a SIPP where it was introduced on 1 January 2013. The 41% increase in cost is in line with the rise in value of the related client assets after allowing for the introduction of the loyalty bonus in the SIPP at a cost of £3.7 million for the 6 months. On average 18% of renewal income earned in Vantage is returned to clients.

Group marketing and distribution spend increased by 17%, from £9.4 million to £11.0 million and includes the costs of printing and sending information and newsletters to existing and potential clients, media advertising, online marketing and client incentives. Improved stock markets warranted additional marketing spend. A key strategic focus for the business is our use of mobile and digital media. We increasingly invest in paid search traffic, cost per click relationships, HLTV and smart phone and tablet apps. These have amounted to £1.0 million of additional cost this year but have served to reinforce our strength in digital media which helps drive client and asset recruitment.

Other costs include dealing costs, irrecoverable VAT, insurance, computer maintenance and external administration charges. After excluding a one-off VAT refund of £2.2m from last year other costs were up by £1.0 million or 11%.

FSCS levy

Costs relating to the Financial Services Compensation Scheme ("FSCS") are beyond our control.

The FSCS is the compensation fund of last resort for customers of authorised financial services firms. All authorised firms are required to contribute to the running of the scheme and the cost of compensation payments. Contributions to the scheme are proportional to the amount of eligible income of a firm, rather than its risk profile or track record of running a compliant service. As such, as a large business we usually make a significant contribution to the cost of compensation on investments we have never recommended or been involved with. FSCS costs decreased from £4.8 million to a £0.5 million refund this year. This followed a successful challenge to the basis of calculation of the levy, resulting in a refund of part of the FSCS levy relating to earlier years.

Taxation

The charge for taxation increased in line with higher profits to £46.2 million from £39.5 million. The effective tax rate fell from 25.9% in 2012 to 23.7% in the current period due to the standard UK corporation tax rate falling from 26% to 23% since the start of the prior period, the 2013 applicable rate being 23.75% (2012 25.5%). In total, taxation of £4.0 million has also been credited directly to equity and relates to share-based payments.

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

Earnings per share (EPS)

The diluted EPS increased by 30% from 24.1 pence to 31.4 pence. EPS is calculated as the earnings for the year divided by the total weighted average fully diluted number of shares, including those held by the Employee Benefit Trust (the "EBT").

Pension schemes

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

Capital expenditure

Capital expenditure, primarily on IT hardware and software, totalled £6.2 million this year, compared with £1.1 million last year. The increase relates to the cyclical replacement of hardware and the continuation of the project to enhance the capacity of our key administration systems.

All of our core systems are developed and maintained in-house and as such we have significant IT resource dedicated to IT support and development. For the year ended 30 June 2013, an average of 42 staff were employed in IT development with most of their related costs expensed within staff costs. Any costs relating to the development of new systems have been capitalised and will be depreciated over the useful economic life of the new system once implemented. In the year we capitalised £0.25 million of staff costs.

Balance sheet and cash flow

The Group is soundly financed with a strong balance sheet and no borrowings. This is an important strength which in addition to being attractive to clients provides both resilience and flexibility. The Group is highly cash generative and the cash conversion ratio measured by the operating cash flows as a percentage of operating profits remained high at 103% in 2013 compared to 104% in 2012.

Group cash balances excluding restricted cash totalled £177.7 million at the end of the year. The only significant cash outflow from profits has been the second interim ordinary and special dividends totalling £81.7 million paid in September 2012 and an interim dividend of £29.5 million paid in April 2013.

The Group has four subsidiary companies authorised and regulated by the Financial Conduct Authority (FCA). These firms maintain capital resources at a level which satisfies both their regulatory capital requirements and their working capital requirements. Industry regulatory capital requirements have increased in recent years and we expect this to continue as a result of FCA requirements. The Group continues to hold a level of capital that provides significant headroom over the regulatory minimum. As at 30 June 2013, the aggregated Pillar 1 regulatory capital requirement across the four regulated subsidiary companies was approximately £9.5 million compared to capital resources of approximately £71.7 million. Capital resources equate to approximately three times the Pillar 2 capital requirement, which the Board assessed as adequate during our Individual Capital Adequacy Assessment Process (ICAAP). Further disclosures are published in the Pillar 3 document on the Group's website at www.hl.co.uk.

Increase in counterparty balances

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included in the balance sheet. These balances fluctuate according to the volume and value of recent trading. At the year-end, trade receivables and trade payables included counterparty balances of £211.4 million (2012: £93.4 million) and £230.0 million (2012: £105.6 million) respectively.

Dividends

The Board remains committed to a progressive dividend policy.

The Board has declared a second interim (final) ordinary dividend of 14.38 pence and a special dividend of 8.91 pence per ordinary share. These dividends will be paid on 27 September 2013 to all shareholders on the register at the close of business on 13 September 2013. This brings the total dividends in respect of the year to 29.59 pence per ordinary share (2012: 22.59p), an increase of 31%.

This total ordinary dividend pay-out equates to 65% (2012: 65%) of post-tax profits, with a further 28% (2012: 28%) of post-tax profits paid by way of special dividend. Any special dividend in future years will depend upon future cash requirements and therefore may vary.

Dividend per share	2013	2012	Change
Interim dividend paid	**6.3p**	5.1p	+24%
Second interim dividend declared	**14.38p**	10.65p	+35%
Total ordinary dividend	**20.68p**	15.75p	+31%
Special dividend declared	**8.91p**	6.84p	+30%
Total dividend for the year	**29.59p**	22.59p	+31%

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

Tracey Taylor
Group Finance Director
4 September 2013

Consolidated Income Statement

	Note	Year ended 30 June 2013 (Unaudited) £'000	Year ended 30 June 2012 (audited) £'000
Revenue	2	292,403	238,741
Total operating income		292,403	238,741
Administrative expenses		(100,475)	(83,355)
FSCS costs*		532	(4,774)
Operating profit		192,460	150,612
Investment revenue	4	2,879	2,229
Other losses		(155)	(2)
Profit before tax		195,184	152,839
Tax	5	(46,195)	(39,520)
Profit after tax		148,989	113,319
Attributable to:			
Equity shareholders of the parent Company		148,391	112,960
Non-controlling interest		598	359
		148,989	113,319
Earnings per share			
Basic earnings per share * (pence)	7	31.7	24.2
Diluted earnings per share * (pence)	7	31.4	24.1

All income, profits and earnings are in respect of continuing operations.

** FSCS costs are those relating to the running of and the levies issued under the Financial Services Compensation Scheme. In previous years these costs were included within administrative expenses.*

Consolidated Statement of Comprehensive Income

	Year ended 30 June 2013 (Unaudited) £'000	Year ended 30 June 2012 (Audited) £'000
Profit for the financial year	148,989	113,319
(Decrease) / Increase in fair value of available-for-sale investments	(160)	30
Total comprehensive income for the financial year	148,829	113,349
Attributable to:-		
Equity holders of the Company	148,231	112,990
Non-controlling interest	598	359
	148,829	113,349

Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Investment revaluation reserve	Capital redemption reserve	Shares held by EBT reserve	EBT reserve	Retained earnings	**Total**	Non-controlling interest	**Total Equity**
	Attributable to the owners of the Company									
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000	**£'000**
At 30 June 2011	1,897	8	130	12	(16,529)	10,294	134,989	**130,801**	66	**130,867**
Profit for the period	-	-	-	-	-	-	112,960	**112,960**	359	**113,319**
Other comprehensive income:-										
Net fair value gains on available-for-sale assets	-	-	30	-	-	-	-	**30**	-	**30**
Employee Benefit Trust:-										
Shares sold in the year	-	-	-	-	2,500	-	-	**2,500**	-	**2,500**
EBT share sale net of tax	-	-	-	-	-	(280)	-	**(280)**	-	**(280)**
Employee share option scheme:-										
Share-based payments expense	-	-	-	-	-	-	2,136	**2,136**	-	**2,136**
Current tax effect of share-based payments	-	-	-	-	-	-	4,636	**4,636**	-	**4,636**
Deferred tax effect of share-based payments	-	-	-	-	-	-	(5,617)	**(5,617)**	-	**(5,617)**
Dividend paid	-	-	-	-	-	-	(90,172)	**(90,172)**	-	**(90,172)**
At 1 July 2012 (audited)	1,897	8	160	12	(14,029)	10,014	158,932	**156,994**	425	**157,419**
Profit for the period	-	-	-	-	-	-	148,391	**148,391**	598	**148,989**
Other comprehensive income:-										
Net fair value losses on available-for-sale assets	-	-	(160)	-	-	-	-	**(160)**	-	**(160)**
Employee Benefit Trust:-										
Shares sold in the year	-	-	-	-	4,343	-	-	**4,343**	-	**4,343**
Shares acquired in the year	-	-	-	-	(11,771)	-	-	**(11,771)**	-	**(11,771)**
EBT share sale net of tax	-	-	-	-	-	3,634	-	**3,634**	-	**3,634**
Employee share option scheme:-										
Share-based payments expense	-	-	-	-	-	-	2,386	**2,386**	-	**2,386**
Current tax effect of share-based payments	-	-	-	-	-	-	482	**482**	-	**482**
Deferred tax effect of share-based payments	-	-	-	-	-	-	3,546	**3,546**	-	**3,546**
Dividend paid	-	-	-	-	-	-	(111,223)	**(111,223)**	(500)	**(111,723)**
At 30 June 2013 (unaudited)	1,897	8	-	12	(21,457)	13,648	202,514	**196,622**	523	**197,145**

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

The investment revaluation reserve represents the change in fair value of available-for-sale investments held by the Group, net of deferred tax.

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

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

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the minority's proportion of the net fair value of the assets and liabilities acquired at the date of the original business combination and the non-controlling interest's change in equity since that date. The non-controlling interest represents a 25% shareholding in Library Information Services Limited, a subsidiary of the Company.

Consolidated Balance Sheet

	Note	At 30 June 2013 (Unaudited) £'000	At 30 June 2012 (Audited) £'000
Non-current assets			
Goodwill		1,333	1,333
Other intangible assets		686	168
Property, plant and equipment		9,737	5,792
Deferred tax assets	10	6,988	2,939
		18,744	10,232
Current assets			
Trade and other receivables	9	264,403	142,606
Cash and cash equivalents	9	197,566	157,719
Investments	8	613	2,228
Current tax assets		26	17
		462,608	302,570
Total assets		481,352	312,802
Current liabilities			
Trade and other payables	11	259,945	136,952
Current tax liabilities		23,858	18,154
		283,803	155,106
Net current assets		178,805	147,464
Non-current liabilities			
Provisions		404	277
		404	277
Total liabilities		284,207	155,383
Net assets		197,145	157,419
Equity			
Share capital	12	1,897	1,897
Share premium account		8	8
Investment revaluation reserve		-	160
Capital redemption reserve		12	12
Shares held by Employee Benefit Trust reserve		(21,457)	(14,029)
EBT reserve		13,648	10,014
Retained earnings		202,514	158,932
Total equity, attributable to equity shareholders of the parent Company		196,622	156,994
Non-controlling interest		523	425
Total equity		197,145	157,419

Statement of Cash Flows

		Year ended 30 June 2013 (Unaudited)	Year ended 30 June 2012 (Audited)
		£'000	**£'000**
Net cash from operating activities, after tax	13	157,363	122,549
Investing activities			
Interest received		2,769	2,158
Dividends received from investments		110	71
Proceeds on disposal of available-for-sale investments		1,434	42
Proceeds on disposal of plant and equipment		-	2
Purchases of property, plant and equipment		(5,301)	(998)
Purchase of intangible fixed assets		(915)	(104)
Purchase of available-for-sale investments		(97)	-
Net cash used in investing activities		(2,000)	1,171
Financing activities			
Purchase of own shares in EBT		(11,771)	-
Proceeds on sale of own shares in EBT		7,978	2,220
Dividends paid		(111,723)	(90,172)
Net cash used in financing activities		(115,516)	(87,952)
Net increase in cash and cash equivalents		39,847	35,768
Cash and cash equivalents at beginning of year		157,719	121,951
Cash and cash equivalents at end of year		197,566	157,719

Notes to the Financial Statements

1. General information

Hargreaves Lansdown plc (the "Company") and ultimate parent of the Group is a company incorporated in the United Kingdom under the Companies Act 2006 whose shares are publicly traded on the London Stock Exchange. The address of the registered office is One College Square South, Anchor Road, Bristol BS1 5HL, United Kingdom.

This Preliminary Announcement is presented in pounds sterling which is the currency of the primary economic environment in which the Group operates.

The consolidated financial statements contained in this preliminary announcement do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements are extracted from the 2013 Group financial statements which have yet to be signed and have not yet been delivered to the Registrar of Companies. The audit of the statutory accounts for the year ended 30 June 2013 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting. The financial information included in this preliminary announcement has been based on the Company's financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. The principal accounting policies will be set out in the Group's 2013 statutory accounts.

The comparative figures for the financial year ended 30 June 2012 are based on the statutory accounts for that year. The report of the auditors on the financial statements for the year ended 30 June 2012, which were prepared in accordance with IFRS, was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006. The financial statements for the financial year ended 30 June 2012 have been delivered to Companies House.

2. Revenue

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

	Year ended 30 June 2013	**Year ended 30 June 2012**
Revenue from services:	**£'000**	**£'000**
Recurring income	233,008	192,609
Transactional income	53,371	42,479
Other income	6,024	3,653
Total operating income	292,403	238,741
Investment revenues	2,879	2,229
Total revenues	295,282	240,970

Recurring income principally comprises renewal income, management fees and interest income on client money. Transactional income principally comprises commission earned from stockbroking transactions. Other income principally represents the amount of fees receivable from the provision of funds library services. The policies adopted for the recognition of each significant revenue stream are set out in note 2 above.

3. Segment information

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

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

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

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

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

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

Segment assets and liabilities include items that are directly attributable to a segment plus an allocation on a reasonable basis of shared items. Corporate assets and liabilities are not included in business segments and are thus unallocated. At 30 June 2013 and 2012, these comprise cash and cash equivalents, short-term investments, tax-related and other assets or liabilities.

Consolidation adjustments relate to the elimination of inter-segment revenues at arm's length prices, balances and investments in group subsidiaries required on consolidation.

	Vantage	Discretionary	Third Party/ Other Services	Group	Consolidation Adjustment	Consolidated
	£'000	£'000	£'000	£'000	£'000	£'000
Year ended 30 June 2013						
Revenue from external customers	227,204	34,140	31,059	-	-	292,403
Inter-segment revenue	-	4,889	-	-	(4,889)	-
Total segment revenue	227,204	39,029	31,059	-	(4,889)	292,403
Depreciation and amortisation	1,243	183	289	-	-	1,715
Investment revenue	-	-	-	2,879	-	2,879
Other gains and losses	-	-	-	(155)	-	(155)
Reportable segment profit before tax	150,230	23,154	19,135	2,665	-	195,184
Reportable segment assets	257,234	20,124	18,072	203,747	(17,825)	481,352
Reportable segment liabilities	(219,475)	(17,473)	(14,360)	(48,572)	15,673	(284,207)
Net segment assets	37,759	2,651	3,712	155,175	(2,152)	197,145
Year ended 30 June 2012						
Revenue from external customers	185,731	27,260	25,718	32	-	238,741
Inter-segment revenue	-	3,796	-	-	(3,796)	-
Total segment revenue	185,731	31,056	25,718	32	(3,796)	238,741
Depreciation and amortisation	1,719	264	432	-	-	2,415
Investment revenue	-	-	-	2,229	-	2,229
Other gains and losses	-	-	-	(2)	-	(2)
Reportable segment profit before tax	118,236	18,367	14,611	1,625	-	152,839
Reportable segment assets	133,036	10,495	14,612	161,883	(7,225)	312,802
Reportable segment liabilities	(99,380)	(7,883)	(13,018)	(40,176)	5,074	(155,383)
Net segment assets	33,656	2,612	1,594	121,707	(2,151)	157,419

Information about products/services

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

Information about geographical area

All business activities are located within the UK.

Information about major customers

The Group does not rely on any individual customer.

4. Investment revenue

	Year ended 30 June 2013	Year ended 30 June 2012
	£'000	£'000
Interest on bank deposits	2,769	2,158
Dividends from equity investment	110	71
	2,879	2,229

5. Tax

	Year ended 30 June 2013	Year ended 30 June 2012
	£'000	£'000
Current tax	46,698	39,959
Deferred tax (Note 10)	(503)	(439)
	46,195	39,520

Corporation tax is calculated at 23.75% of the estimated assessable profit for the year to 30 June 2013 (2012: 25.5%).

In addition to the amount charged to the income statement, certain tax amounts have been charged or credited directly to equity as follows:

	Year ended 30 June 2013	Year ended 30 June 2012
	£'000	£'000
Deferred tax relating to share based payments	(3,546)	5,617
Current tax relating to share-based payments	(482)	(4,636)
	(4,028)	981

Factors affecting tax charge for the year

It is expected that the ongoing effective tax rate will remain at a rate approximating to the standard UK corporation tax rate in the medium term. The standard UK corporation tax rate was reduced to 23% (from 24%) on 1 April 2013. Deferred tax has been recognised at 23%, being the rate in force at the balance sheet date. A deferred tax asset in respect of future share option deductions has been recognised based on the Company's share price as at 30 June 2013.

Factors affecting future tax charge

Any increase or decrease to the Company's share price will impact the amount of tax deduction available in future years on the value of shares acquired by staff under share incentive schemes. The Finance Act 2013 received Royal Assent on 17 July 2013 and will reduce the standard rate of UK corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015. The reduction to 21% will reduce the deferred tax assets shown in note 10 by an estimated £449,000; this will be recognised in the financial statements for the year ended 30 June 2014.

5. Tax (continued)

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

	Year ended 30 June 2013	Year ended 30 June 2012
	£'000	£'000
Profit before tax from continuing operations	195,184	152,839
Tax	46,358	38,976
- at the UK corporation tax rate of	23.75%	25.50%
Items (allowable) / not allowable for tax	(148)	397
Effect of adjustments relating to prior years	(107)	7
Impact of the changes in tax rate	92	140
Tax expense for the year	46,195	39,520
Effective tax rate	23.7%	25.9%

6. Dividends

	Year ended 30 June 2013	Year ended 30 June 2012
	£'000	£'000
Amounts recognised as distributions to equity holders in the period:		
2012 Second interim dividend of 10.65p (2011: 8.41p) per share	49,756	38,947
2012 Special dividend of 6.84p (2011: 5.96p) per share	31,956	27,601
2013 First interim dividend of 6.3p (2012: 5.1p) per share	29,511	23,624

After the balance sheet date, the directors declared a second interim (final) ordinary dividend of 14.38 pence per share and a special dividend of 8.91 pence per share payable on 27 September 2013 to shareholders on the register on 13 September 2013. Dividends are required to be recognised in the financial statements when paid, and accordingly the declared dividend amounts are not recognised in these financial statements, but will be included in the 2014 financial statements as follows:

	£'000
2013 Second interim dividend of 14.38p per share	67,355
2013 Special dividend of 8.91p per share	41,734

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

	Year ended 30 June 2013	Year ended 30 June 2012
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	5,923,930	7,263,396
Representing % of called-up share capital	1.25%	1.53%

7. Earnings per share

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

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

The weighted average number of anti-dilutive share options and awards excluded from the calculation of diluted earnings per share was 320,210 at 30 June 2013 (2012: 2,806,402).

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Earnings (all from continuing operations):		
Earnings for the purposes of basic and diluted EPS - net profit attributable to equity holders of parent company	**148,391**	112,960
Number of shares:		
Weighted average number of ordinary shares for the purposes of diluted EPS	**471,923,756**	469,424,156
Weighted average number of shares held by HL EBT which have not vested unconditionally with employees	**(3,981,223)**	(2,304,199)
Weighted average number of ordinary shares for the purposes of basic EPS	**467,942,533**	467,119,957
Earnings per share:	**Pence**	**Pence**
Basic EPS	**31.7**	24.2
Diluted EPS	**31.4**	24.1

8. Investments

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
At beginning of year	**2,228**	2,240
Sales	**(1,712)**	(42)
Purchases	**97**	-
Net increase in the value of available-for-sale investments	**-**	30
At end of year	**613**	2,228
Comprising:		
Current asset investment - UK listed securities valued at quoted market price	**349**	1,487
Current asset investment - Unlisted securities valued at cost	**264**	741

£349,000 (2012: £308,000) of investments are classified as held at fair value through profit and loss and £264,000 (2012: £1,920,000) are classified as available-for-sale. Available-for-sale investments have been included at fair value where a fair value can be reliably calculated, with the revaluation gains and losses reflected in the investment revaluation reserve as shown in the Consolidated Statement of Changes in Equity, until sale when the cumulative gain or loss is transferred to the income statement. If a fair value cannot be reliably calculated by reference to a quoted market price or other method of valuation, available-for-sale investments are included at cost where the directors believe that this is not significantly different to fair value, with a fair value adjustment recognised upon disposal of the investment.

9. Other financial assets

	At 30 June 2013	At 30 June 2012
	£'000	£'000
Trade and other receivables		
Trade receivables	229,885	105,654
Other receivables	962	91
Prepayments	33,556	36,861
	264,403	142,606

	At 30 June 2013	At 30 June 2012
Cash and cash equivalents		
Restricted cash - client settlement account balances	19,812	12,644
Restricted cash - balances held by EBT	37	2,695
Group cash and cash equivalent balances	177,717	142,380
	197,566	157,719

Trade and other receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included in debtors. Trade receivables include £211.4 million (2012: £93.4 million) of counterparty balances.

Cash and cash equivalents comprise cash held by the Group and institutional cash funds with near-instant access. Included in cash and cash equivalents are amounts of cash held on client settlement accounts as shown above.

At 30 June 2013 segregated deposit amounts held by the Group on behalf of clients in accordance with the client money rules of the Financial Conduct Authority amounted to £3,561 million (2012: £2,922 million). The client retains the beneficial interest in these deposits and accordingly they are not included in the balance sheet of the Group.

10. Deferred tax

The following are the major deferred tax assets recognised and movements thereon during the current and prior reporting years. Deferred tax has been recognised at 23%, being the rate in force at the balance sheet date. The Finance Act 2013 reduces the standard UK corporation tax rate to 21% from 1 April 2014 and 20% from 1 April 2015 which will reduce the deferred tax assets and liabilities shown below.

	Accelerated tax depreciation	Future relief on capital losses	Share-based payments	Other deductible temporary differences	Total
	£'000	£'000	£'000	£'000	£'000
Group					
At 30 June 2011	583	-	6,734	800	8,117
Credit to income	67	22	45	305	439
Charge to equity	-	-	(5,617)	-	(5,617)
At 30 June 2012	650	22	1,162	1,105	2,939
(Charge)/Credit to income	(203)	(22)	465	263	503
Credit to equity	-	-	3,546	-	3,546
At 30 June 2013	447	-	5,173	1,368	6,988

11. Other financial liabilities

Trade and other payables	At 30 June 2013	At 30 June 2012
	£'000	£'000
Current payables		
Trade payables	231,192	107,206
Social security and other taxes	10,063	7,615
Other payables	7,311	7,806
Accruals and deferred income	11,379	14,325
	259,945	136,952

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included in creditors. Trade payables include £230.0 million (2012: £105.6 million) of counterparty balances. Accruals and deferred income principally comprise amounts outstanding for trade purchases and revenue received but not yet earned on group pension schemes where an ongoing service is still being provided. Other payables principally comprise amounts owed to clients as a loyalty bonus and to staff as a bonus.

12. Share capital

	At 30 June 2013	At 30 June 2012
	£'000	£'000
Authorised:		
525,000,000 ordinary shares of 0.4p each	2,100	2,100
Issued and fully paid:		
Ordinary shares of 0.4p each	1,897	1,897
	Shares	Shares
Issued and fully paid:		
Number of ordinary shares of 0.4p each	474,318,625	474,318,625

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

13. Note to the consolidated cash flow statement

	Year ended 30 June 2013	Year ended 30 June 2012
	£'000	£'000
Profit for the year after tax	148,989	113,319
Adjustments for:		
Investment revenues	(2,879)	(2,158)
Other gains and losses	-	(71)
Income tax expense	46,195	39,520
Depreciation of plant and equipment	1,352	2,186
Amortisation of intangible assets	363	229
Loss on disposal	155	2
Share-based payment expense	2,386	2,136
Increase in provisions	127	218
Operating cash flows before movements in working capital	196,688	155,381
(Increase)/Decrease in receivables	(121,797)	33,572
Increase/(Decrease) in payables	122,993	(30,487)
Operating cash flows	197,884	158,466
Income taxes paid	(40,521)	(35,917)
Net cash from operating activities	157,363	122,549

14. Going concern

The Group maintains ongoing forecasts that indicate continued profitability in the 2014 financial year. Stress test scenarios are undertaken, the outcomes of which show that the Group has adequate capital resources for the foreseeable future even in adverse economic conditions. The Group's business is highly cash generative with a low working capital requirement; indeed, the forecast cash flows show that the Group will remain highly liquid in the forthcoming financial year. The Directors therefore believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors' expectation is that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this preliminary results statement.