PRESS RELEASE

Record plc

16 June 2017

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

Record plc, the specialist currency manager, today announces its audited results for the year ended 31 March 2017.

Financial headlines:

- *AUME[1] $58.2bn at 31 March 2017 (up 10%)*
- *AUME £46.6bn at 31 March 2017 (up 26%)*
- *Revenue of £23.9m (up 13%)*
- *Profit Before Tax (PBT) of £8.7m (up 26%) and underlying PBT of £7.9m (up 13%)*
- *Operating profit margin of 36% (2016: 32%) and underlying margin of 34% (2016: 33%)*
- *Robust financial position with net assets of £41.6m at 31 March 2017 (2016: £37.7m)*
- *Basic EPS of 2.91p per share (2016: 2.55p)*
- *Proposed final ordinary dividend for the year is 1.175p per share, giving a total ordinary dividend in respect of the year of 2.00p per share (2016: 1.65p)*
- *Special dividend declared for the year of 0.91p per share (2016: nil)*

Key developments:

- *A turbulent political environment continues to provide opportunities to engage both clients and potential clients in respect of their currency objectives*
- *Strong positive performance of the Multi-Strategy product, which reaches the fifth anniversary of its live track record in July 2017*
- *Flexible and innovative solutions across both currency hedging and return-seeking products continue to be key to maintaining growth*
- *Tailored products will require continued investment in systems and people*
- *Growth of 29% in Passive Hedging revenues, which now account for 53% of management fees and cover the operating expenditure of the business excluding variable remuneration*
- *Revised capital policy, with a return of excess capital to shareholders under consideration*

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[1] As a currency manager Record manages only the impact of foreign exchange and not the underlying assets, therefore its "assets under management" are notional rather than tangible. To distinguish this from the AUM of conventional asset managers, Record uses the concept of Assets Under Management Equivalents ("AUME") and by convention this is quoted in US dollars.

Commenting on the results, Neil Record, Chairman of Record plc, said:

"Since the financial crisis of 2008 and 2009, the Board's focus has been on building a robust business by continuing to develop its diverse suite of currency-related products and strategies, by investing in our people and infrastructure, and by building a strong and liquid balance sheet and regulatory capital buffer.

"This year, Record has reported its highest-ever AUME, increased revenues and earnings, and further growth in revenue diversification, with revenues from Passive Hedging now covering all overheads excluding variable remuneration. Our balance sheet is strong, with consolidated net assets of £41.6m, underpinned by own cash[1] of £29.2 million, and comfortably in excess of our regulatory capital requirements.

"The Board has decided that conditions are now right for a change in our capital policy and is considering a return of approximately £10 million of excess capital to shareholders, more details of which will be provided to the market shortly.

"Furthermore, the Board is recommending an increase in the ordinary dividend for the year of 21%, whilst also confirming its previous intention of returning excess earnings over ordinary dividends for the financial year to shareholders, by declaring a special dividend equal to the excess of basic earnings over ordinary dividends, equivalent to 0.91 pence per share to be paid simultaneously with the final ordinary dividend.

"The current environment of uncertainty and change is seemingly set to continue and will provide opportunities to engage with clients, to understand their objectives, and to develop tailored solutions. Record has the strategies, track records, operational systems and most importantly the people to do so."

Analyst briefing

There will be a presentation for analysts at 9.30am on Friday 16 June 2017 at Cenkos plc offices: 6-8 Tokenhouse Yard, London, EC2R 7AS. A copy of the presentation will be made available on the Group's website at www.recordcm.com.

For further information, please contact:

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Nick Denton, Ollie Hoare

[1] "Own cash" includes Group assets managed as cash excluding non-controlling interests

Consolidated statement of comprehensive income

Year ended 31 March

	Note	2017 £'000	2016 £'000
Revenue	**3**	**23,928**	**21,134**
Cost of sales		(298)	(221)
Gross profit		**23,630**	**20,913**
Administrative expenses		(15,067)	(14,123)
Operating profit	**4**	**8,563**	**6,790**
Finance income		112	143
Profit before tax		**8,675**	**6,933**
Taxation	**6**	(1,540)	(1,523)
Profit after tax and total comprehensive income for the year		**7,135**	**5,410**
Profit and total comprehensive income for the year attributable to:			
Non-controlling interests		819	(131)
Owners of the parent		6,316	5,541
Earnings per share for profit attributable to the equity holders of the Group during the year			
Basic earnings per share	**7**	2.91p	2.55p
Diluted earnings per share	**7**	2.90p	2.54p

Consolidated statement of financial position

As at 31 March

	Note	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	10	881	81
Intangible assets	11	245	299
Investments	12	-	-
Deferred tax assets	13	102	43
Total non-current assets		**1,228**	**423**
Current assets			
Trade and other receivables	14	6,972	5,695
Derivative financial assets	15	53	106
Money market instruments with maturity > 3 months	16	18,102	13,020
Cash and cash equivalents	16	19,120	21,720
Total current assets		**44,247**	**40,541**
Total assets		**45,475**	**40,964**
Current liabilities			
Trade and other payables	17	(3,013)	(2,372)
Corporation tax liabilities	17	(804)	(776)
Derivative financial liabilities	15	(48)	(108)
Total current liabilities		**(3,865)**	**(3,256)**
Total net assets		**41,610**	**37,708**
Equity			
Issued share capital	18	55	55
Share premium account		1,971	1,899
Capital redemption reserve		20	20
Retained earnings		34,785	31,715
Equity attributable to owners of the parent		**36,831**	**33,689**
Non-controlling interest	20	4,779	4,019
Total equity		**41,610**	**37,708**

Chairman's statement

The Board is recommending a 21% increase in ordinary dividend to 2.00 pence per share and a special dividend of 0.91 pence per share.

Overview

The twelve months ending 31 March 2017 have proved to be turbulent, with major political surprises, along with significant economic and regulatory changes affecting the financial services industry in general and foreign exchange markets in particular. Exchange rates have reacted to political surprises, in some cases markedly.

The UK's vote to leave the European Union in June caused a major adjustment in foreign exchange markets with an immediate and dramatic decrease in the value of sterling of 11% against the US dollar, and weakness against all other major currencies in the year ending 31 March 2017. Sterling finished the year down 13% against the US dollar, 9% down against the Swiss franc and just over 7% down versus the euro.

Elections in the US later in the year also caused surprise amongst investors, with President Trump's economic ambitions being viewed optimistically by markets and proving to be supportive of the US dollar, which ended the year having strengthened against most major currencies.

Interest rates broadly remain at historically low levels (with most major economies' negative in real terms), although global central bank policy proved more divergent in the second half of the year with the US Federal Reserve announcing rate increases in December 2016 and March 2017. In contrast, a rate decrease was announced by the Bank of England in August 2016, and the Bank of Japan remained in negative interest rate territory since its decrease in January 2016. Official bond-buying continued under the umbrella of Quantitative Easing in the UK, the EU and Japan.

The year also saw the first of a series of regulatory changes, with the introduction of mandatory collateralisation on some foreign exchange contracts between major market counterparties. This will be extended to more market participants during the current financial year. Regulatory focus on investment management has also continued with the Financial Conduct Authority's Asset Management Market Study, and the industry's preparations for MiFID II.

Capital and dividend policy

Since the financial crisis of 2008 and 2009, the Board's focus has been on building a robust business by continuing to develop its diverse suite of currency-related products and strategies, by investing in our people and infrastructure, and by building a strong and liquid balance sheet and regulatory capital buffer.

Over this period, the yardstick for our balance sheet has been broadly to hold excess capital equivalent to *two years'* worth of overheads excluding variable remuneration. With net assets of £41.6 million, own cash[1] of £29.2 million; a surplus over regulatory capital (adjusted for the final and special dividends referred to below) of £23.1 million and overheads of £11.7 million, the current capital structure, with a surplus of just under 24 months, reflects this policy.

As discussed further in the Business Review, Record has reported its highest-ever AUME, increased revenues and earnings, and further growth in revenue diversification, with revenues from Passive Hedging now covering all overheads excluding variable remuneration. Given this, the Board has decided that conditions are now right for a change in the capital policy. The new policy will be to ensure retained capital broadly equivalent to *one year's* worth of future estimated overheads (excluding variable remuneration), in addition to capital assessed as required for regulatory purposes, for working capital purposes and for investing in new opportunities for the business. This new policy will still ensure a significant capital buffer over regulatory requirements.

Consequently the Board is considering the return of approximately £10 million of excess capital to shareholders so that our capital structure conforms to our new policy. Record will provide an update on this to the market shortly.

Our dividend policy targets a level of dividend which is at least covered by earnings and which allows for sustainable dividend growth in line with the trend in profitability. In line with such policy and improved profitability, the Board is recommending a 21% increase in the ordinary full year dividend to 2.00 pence per share. The interim dividend of 0.825 pence per share was paid on 23 December 2016, and the final ordinary dividend of 1.175 pence per share, subject to shareholders' approval, will be paid on 2 August 2017 to shareholders on the register at 30 June 2017.

In my statement last year I confirmed the Board's intention, subject to financial performance and market conditions at the time, to return excess earnings over ordinary dividends for the financial year to shareholders, potentially in the form of special dividends. The Board is pleased to announce a special dividend equal to the excess of basic earnings over ordinary dividends, equivalent to 0.91 pence per share to be paid simultaneously with the final dividend.

In the future, the Board intends to pursue a progressive ordinary dividend policy, with dividends expected to be paid equally in respect of an interim and a final dividend. In setting the interim and final dividends, the Board will be mindful of setting a level of ordinary dividend payments which it expects to be at least covered by earnings and which allows for future sustainable dividend growth by the business in line with the trend in profitability. The Board intends to continue its approach of considering returning to shareholders any excess of earnings over the sum of ordinary dividends for the financial year and increased capital requirements, normally in the form of special dividends.

The Board will continue to consider ordinary dividends and other distributions to shareholders on a "total distribution" basis. The total distribution for any year will be at least covered by earnings, and will always be subject to the

[1] "Own cash" includes Group assets managed as cash excluding non-controlling interests (see Financial statements note 16)

financial performance of the business, the market conditions at the time and to any further excess capital assessed as required under the policy described above.

Group strategy

The Group believes its core strategies remain appropriate to achieve sustainable growth in the business. Our primary focus is still maintaining our existing revenue base and growing this further through excellent client service and relationships.

Constant innovation is key to meeting the needs of our clients in a challenging environment. One of the Group's key strengths is its flexibility which is demonstrated in its capability to adapt products, processes or distribution methods, and to tailor its approach to suit individual client requirements.

This innovation can be seen in each of our established products, where our strategy has been continually to enhance the value proposition offered to clients in order to resist competitive pressures on revenue margins. This is particularly true in the case of Passive Hedging, which can be mis-characterised by others as a commodity service, but which instead offers growing opportunities to save costs and add value for clients. Both Dynamic Hedging and Multi-Strategy have also benefited from enhancements to their investment process, and combinations of these products are increasingly tailored to specific clients' needs.

The Board

There were a number of important changes made to the Board during the year.

Cees Schrauwers and Andrew Sykes stepped down from the Board as non-executive directors during the year, having each served a full nine-year term on the Board and hence no longer having been deemed independent under the UK corporate governance code from November 2016. I would like to thank them both most warmly for their commitment and valuable guidance over the past nine years and wish them both well for the future.

Following the conclusion to a succession plan starting in late 2014, and allowing for a period of smooth transition and handover, we welcomed Rosemary Hilary to the Board as non-executive director in June 2016, having previously also welcomed Jane Tufnell to the Board in September 2015. Following the resignations of Cees and Andrew in September 2016, Rosemary succeeded Cees as Audit and Risk Committee Chair, David Morrison was appointed Senior Independent Director and Chair of the Remuneration Committee, and Jane Tufnell was appointed Chair of the Nomination Committee.

Outlook

Global financial markets continue to experience a mix of predicted and unexpected developments. Whilst the outcome of the French presidential election was as anticipated by markets, both the United Kingdom and United States by contrast continue to experience political instability. Elections in Germany and elsewhere in Europe, as well as the ongoing Brexit negotiations, still contain the capacity to surprise. Geopolitical instability, whether from the Middle East or South East Asia, also continues to have an impact on markets.

This environment continues to provide opportunities to engage with clients, to understand their objectives, and to develop tailored solutions. Record has the strategies, track records, operational systems and most importantly the people to do so.

Record's success is a consequence of the hard work, commitment and professionalism of our people. On behalf of the Board, I would like to thank everyone at Record for their valuable contribution towards this success.

Neil Record

Chairman

Chief Executive Officer's statement

The environment of political uncertainty and change creates opportunities for Record to demonstrate its full range of currency management skills

Record is reporting growth in AUME, underlying revenues and underlying earnings. Whilst much of the growth in sterling terms can be attributed to sterling's depreciation, it is also pleasing to note AUME growth in US dollar terms, taking AUME to its highest level in Record's history.

The environment of political uncertainty and change, and the resultant significant moves in currency markets, have focused investors' attention on the opportunities presented by currency management. We have seen inflows throughout the year in Hedging strategies and in Currency for Return, and we continue to see interest in a diversified range of opportunities amongst investors around the world.

Market overview

Financial markets have been dominated by political events in the year to 31 March 2017, most notably the UK's vote to leave the EU and the election of President Trump. Partly as a result, markets around the world have been slow to return to conventional interest rate policies, although the modest moves to higher US dollar rates have brought about some divergence. The net effect has included a marked depreciation of sterling over the financial year; the US dollar moved sideways in the first half of the year, before undergoing a notable rally following the election in November. The ongoing European election cycle brings with it the prospect of further market volatility as the question of sustainability of the EU, and by extension the euro, is revisited.

At the market structure level, differences have emerged between money market interest rates and those implied in foreign exchange forward contracts which have not generally been observed historically, as set out further in the Market Review. This creates relative winners and losers, as well as opportunities for Record's clients. Regulation is one of the unintended drivers of this phenomenon. Other regulatory changes have required us to dedicate significant resources throughout the year to understanding the impact of such changes on each of our clients and engaging with clients to help them meet the new requirements.

Investment performance

UK-based Dynamic Hedging programmes allowed UK investors to capture gains in their underlying overseas exposures as sterling depreciated, by keeping hedge ratios low throughout the period.

US-based Dynamic Hedging clients saw losses from currency on international assets when valuing positions in US dollars, as the US dollar strengthened. Record's Dynamic Hedging product increased hedge ratios in line with US dollar strength, though programmes experienced negative hedging returns overall due to the costs associated with varying the hedge ratios in the first half of the year, when the US dollar traded in a relatively narrow range.

All of Record's Currency for Return strategies have performed positively in the period. Carry strategies yielded positive returns from all currency selections other than a short position in the Japanese yen, which ended the year up against higher interest rate currencies. In the case of Emerging Markets, positive returns were generated over the period as emerging market currencies generally appreciated against a basket of developed market currencies. Value performed markedly positively over the year, in part benefiting from long positions in the Japanese yen and the US dollar. Momentum generated positive returns through a short position in the pound.

Asset flows and financial performance

AUME[1] increased by 10% in US dollar terms over the financial year to \$58.2 billion, and by 26% in sterling terms to £46.6 billion- its highest ever level. There were net inflows of \$3.2 billion in the year, with the majority coming from our Hedging products comprising Passive Hedging inflows of \$2.5 billion and Dynamic Hedging inflows of \$0.7 billion. There were also inflows to Currency for Return of \$0.3 billion as our Multi-Strategy offering continued to gain interest from clients. Our Multi-product mandates had outflows of \$0.4 billion. The aggregate impact of external factors (i.e. equity and other market movements and the impact of exchange rates over the period) was +\$2.1 billion. Client numbers increased to 59.

Underlying[2] revenues increased by 9% to £23.1 million. The increase was principally due to the impact of sterling weakness on the conversion of the 82% of management fees that are denominated in currencies other than sterling. Record's costs before Group Profit Share remuneration grew by 5%, most of which can be attributed to the office relocation which took place in November 2016. These factors combined with continued discipline in other cost areas allowed the Group to record an underlying operating margin of 34%, underlying profit before tax of £7.9 million, and basic earnings per share of 2.91 pence.

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[1] During the year ended 31 March 2017, Record introduced a new product category ("Multi-product") in order to redefine the boundaries between existing products, and combinations of products, and redefined how AUME is measured for this new category. A full reconciliation of AUME under the new classification and the historic classifications is provided after the notes to the financial statements. All AUME data in the main body of this report is provided using the new classification basis.

[2] The Group uses non-GAAP measures such as "underlying revenue" and "underlying operating profit". These measures are calculated by removing the impact of non-controlling interests from the normal GAAP measures presented in the financial statements calculated in accordance with IFRS. The Group believes that these non-GAAP measures provide a useful indication of the performance of the business.

Strategic progress

Record's strategic progress over the year can be measured against each of the objectives set out in the Annual Report 2016.

Client relationships – our strategy of building trusted individual relationships with clients and their advisors remains unchanged. During the year we have seen the emergence of clearer themes amongst investors as to their preferences in managing currency risk and opportunity. In the US, currency risk management has risen higher on investors' agendas with the rally in the US dollar and the recognition of the impact of political events on currency markets. Switzerland has long been a core market for Record, and we have increased the resources committed to this market with the opening of an office in Zürich since the financial year-end. In all markets the strong performance track record of Multi-Strategy is encouraging interest. The UK market is more challenging as sterling's weakness has caused cash outflows from clients' hedging programmes , and time and attention has to be focused on meeting regulatory requirements.

Innovation – enhancement of existing products and development of new ones is a constant feature at Record, driven by clients' needs and market opportunities. We have prioritised the expansion of our capabilities in cash and collateral management. The need to do so comes from a number of sources – legislation mandating variation margin for FX forwards, our plans to support a greater range of derivative overlays, and the opportunity to help clients suffering from low yields and growing cash requirements. We have also continued to enhance our Passive Hedging offering, emphasising to clients its bespoke nature, and the opportunity to take advantage of market opportunities even within a fixed hedge ratio constraint. The range of exchange-traded funds offered by WisdomTree Investments, Inc. that track indexes using Record's hedging signals has continued to grow and has won industry awards.

People – we have continued to attract, retain and develop high quality people, principally through intern programmes and graduate and early-stage career hires. We then focus on internal development and retention of these individuals. When recruiting staff early in their careers some subsequent attrition is inevitable, but this also creates a growing pool of alumni with whom we maintain strong relationships. We have largely succeeded in retaining key staff in a highly competitive employment market. The working environment for staff is part of the Group's retention strategy, hence we have focused on the environment in our expanded office in Windsor, have moved our US office from Atlanta to New York, and have opened an office in Zürich since the end of the financial year. We are proposing changes to our remuneration structures including to conform conditions between Approved and Unapproved options and thereby enhance the alignment of interests with external shareholders.

Risk management – the Group takes a proactive approach to developing its systems, people and processes, in order to improve management of the operational risk that we assume from clients and to meet the demands of emerging regulatory requirements. We have implemented new systems to support our collateral management function and have developed a new system to improve our exposure capture and rebalancing processes for Hedging mandates. We have continued to invest in our cyber-security defences. The Group has committed resources to prepare for the implementation of MiFID II, and to manage the effects of the UK exiting the European Union. Record is well placed to manage the risks arising from these events and will continue to keep developments under review.

Growth – we have achieved growth in client numbers (58 to 59), AUME ($52.9 billion to $58.2 billion), management fees (£20.9 million to £22.7 million) and underlying revenues (£21.3 million to £23.1 million) over the period. We have deployed additional resources in North America and Switzerland and have sustained efforts in our other core markets of the United Kingdom and continental Europe. We continue to explore opportunities in other markets.

Profitability – the Group's underlying profitability has increased. Underlying profit before tax increased from £7.0 million to £7.9 million over the period. Revenues benefited from improved conversion rates for revenues denominated in currencies other than sterling. The underlying operating margin has increased to 34%.

Outlook

From a diverse picture of investors' preferences a year ago, clearer themes have now emerged. In particular, currency risk management has risen on US investors' agendas, and we continue to commit significant resources to pursuing these opportunities. The strong performance of Multi-Strategy continues to attract investor interest. The Group has increasingly focused on its bespoke and differentiated approach to Passive Hedging when engaging with current and prospective clients and their advisers, and we continue to broaden our capabilities in cash and collateral management.

There is no evident end to political uncertainty and change, which creates opportunities for Record to demonstrate its full range of currency management skills to clients. All of Record's management and staff remain focused on maintaining and enhancing our relationships with existing clients, as well as developing new client relationships and continuing to grow the business.

James Wood-Collins

Chief Executive Officer

Key Performance Indicators

The Board and Executive Committee use a number of key performance indicators ("KPIs") to monitor the performance of the Group. A five year history of these KPIs is shown below.

KPIs	FY-17	FY-16	FY-15	FY-14	FY-13
AUME at 31 March – US dollars	**$58.2bn**	$52.9bn	$54.7bn	$51.3bn	$34.2bn
Client numbers at 31 March	**59**	58	55	48	44
Underlying[1] operating profit margin	**34%**	33%	35%	33%	31%
Basic earnings per share ("EPS")	**2.91 p**	2.55 p	2.66 p	2.48 p	1.98 p

How we performed this year

- AUME increased by +10% in US dollar terms (+26% in pound sterling terms), including net inflows totalling $3.2 billion for the year, and finishing the year at its highest ever level;
- Client numbers grew for the fifth consecutive year and reached 59 at the end of the year;
- Underlying operating profit margin increased to 34% for the year;
- Basic EPS increased by 14% for the year.

[1] Underlying operating profit margin is a non-GAAP measure which represents the results prior to consolidating the non-controlling interest. This reflects internal management reporting which management consider to be more indicative of the revenues and costs driving future profitability and cash flows of the business.

Business review

Record's flexibility and ability to adapt its processes enable it to meet an increasing demand for bespoke currency solutions from clients and to address tactical objectives driven by market events.

Market review

Financial markets in general, and FX markets in particular, were dominated in the year to 31 March 2017 by political events, most notably the UK's vote to leave the EU and the election of President Trump. Partly in reaction to the uncertainties these implied, markets around the world have been slow to return to conventional interest rate policies, although the modest moves to higher US dollar rates have brought about some divergence. At the market structure level, differences between money market interest rates and foreign exchange forward contracts have created relative winners and losers.

Political events

In the year to 31 March 2017 political events largely took markets by surprise, as well-anticipated events yielded unexpected outcomes. The first event was the UK's vote on EU membership in June, which concluded with the vote to leave by 52% to 48%. With no precedent and with the result threatening to unravel the UK's trading arrangements with the EU, the pound fell to a 31-year low against the US dollar. As newly appointed PM Theresa May announced her intention to pursue a 'hard Brexit', the currency took a further step lower in October before trading sideways for the rest of the period.

November saw the second political upset for the year with Donald Trump's US Presidential election victory. Almost as notable as the election result was the euphoric asset market response which saw US bond yields jump from multi-year lows on account of Trump's Reagan-inspired economic prospectus. Unlike Brexit, the Reagan era provided a historical precedent for the US dollar, which notably appreciated as markets anticipated significant fiscal easing and the prospect of a more hawkish central bank. By the start of 2017, the US dollar's rally had begun to lose momentum as markets waited for clarity on Trump's reflationary policy.

Towards the end of the financial year, focus shifted towards the ongoing European election cycle which promises to fuel currency market volatility as crucial questions around the long-term sustainability of the EU, and by extension the euro, are revisited.

Monetary policy and interest rates

Since the onset of the global financial crisis, interest rates in developed markets have remained extraordinarily low, and in some cases below what was previously thought as the zero lower bound. Over the past year the monetary policy divergence previously anticipated did not fully come to fruition despite a backdrop of recovering commodity prices, improved global growth prospects and restored risk sentiment. While the United States took significant steps towards monetary policy normalisation, hopes of normalisation elsewhere were either thwarted by political outcomes such as Brexit or mired by longer-run structural forces.

In the United States the Federal Reserve took a year-long pause following its first move towards interest rate normalisation in December 2015. Inflation moved sideways for the first seven months of the calendar year and the US dollar showed a similar lack of direction, range-trading up until the election date in November. Before the financial year ended, a confluence of factors led the Federal Reserve to hike the federal funds target rate twice more; once in its December meeting and again in the March meeting, causing the US dollar to rally into the new year.

The Bank of England in the first half of the financial year contended with the impact of Brexit and took precautionary measures to ease financial conditions. In August the Bank cut interest rates to an historic low of 0.25 per cent, and restarted its asset purchase facility and its term funding scheme. In the second half of the financial year, forewarned dire economic consequences of a Brexit vote were yet to materialise, and the Bank of England began revising upwards projections of inflation and growth, although this failed to pass through noticeably to short term interest rates. Political risk and easing policy weighed on the pound, which weakened against all G10 currencies over the financial year.

The European Central Bank and the Bank of Japan both continued to pursue exceptionally easy monetary policy in order to support prices and to exert downward pressure on their currencies. In December the ECB chose to extend its quantitative easing programme until at least December 2017. The Bank of Japan took new and innovative measures to combat deflation in September by explicitly setting a 10 year bond yield target of zero per cent, which was particularly effective as global yields shifted upwards following the US election.

The Swiss National Bank (SNB) faced much of the same economic dilemmas this financial year as last. Although the SNB had abandoned the 1.20 cap against the euro, the currency remains inextricably linked to developments in the Eurozone, so the SNB kept interest rates deeply negative at -0.75 per cent. The Swiss franc fluctuated throughout the financial year and overall depreciated marginally against a basket of G10 currencies.

Basis

Since early 2016, Record and other market observers have become increasingly aware of the breakdown in the historic relationship between money market interest rates and those implied in foreign exchange forward contracts, which have historically been held in lockstep. The newly-emerged the gap between these is referred to as the basis. The breakdown of this relationship and the emergence of the basis is largely due to changes in the structure of money markets and new banking capital adequacy regulations. These have significantly reduced the capacity of the banking system and other market participants to prevent the emergence of the basis through arbitrage. The size and direction of the basis, can be largely explained by mismatches in global demand for hedging, arising out of the imbalances between the extent to which for example US dollar denominated assets are held outside the United States, compared to the extent to which non-US dollar denominated assets are held within the United States.

The basis can act to the advantage of certain of our clients, if it increases the interest rate benefit from hedging or reduces its cost, or conversely to the disadvantage of others. Whether the basis is beneficial or detrimental to any particular client depends on that client's location and exposure currencies. For clients that are disadvantaged, Record can employ hedging strategies that attempt to minimise the basis cost, while new opportunities have arisen for clients who reside on the advantageous side of the basis.

Regulation

The year to 31 March 2017 saw the first implementation of market reforms and new regulations in over-the-counter foreign exchange derivative markets. These regulations are being promulgated in the European Union, the United States, Switzerland, Canada, Singapore, Australia, and other jurisdictions.

Whilst the general thrust of regulation is common across jurisdictions, there remain important implementation differences. This is particularly true regarding the introduction of mandatory variation margin and in some cases initial margin on foreign exchange derivative contracts. As a result Record has dedicated significant resources during the year to a series of detailed mandate-by-mandate reviews, analysing the jurisdiction of each client, each bank counterparty with which they trade, and each category of instrument they trade, to assess the specific requirements being imposed on each client and to help clients meet those requirements. Some of our clients were affected from 1 March 2017; many more clients will be affected from January 2018.

As of the date of this report, the market-wide impact of such changes has been muted, with no evident differences in pricing between those market participants that have to exchange margin and those that do not. There have however been a number of consequences that were likely unintended by regulators, such as the handicaps imposed on European Union banks when trading with certain categories of non-European Union counterparty.

Effects on Record's strategies

Results for UK- and US-based Dynamic Hedging clients were necessarily driven by the impact of shifting political and economic expectations on the strength or weakness of the pound and the US dollar. For UK investors, sterling's depreciation created currency gains in foreign currency investments, and Dynamic Hedging allowed clients to keep most of these gains by holding hedge ratios at low levels. For US investors, the dollar's path was more variable in the first half of the year, generating costs in the Dynamic Hedging programmes, although dollar strength in the second half generated gains partially offsetting earlier losses.

With respect to return-seeking currency strategies, all four principal strands – Carry, Emerging Markets, Value and Momentum – generated positive performance throughout the year. Although market attention was dominated by idiosyncratic events focused on the UK and the US, the consistent approach each of these strategies takes to a diversified group of currencies allowed currency behaviour further from the spotlight, such as commodity-dependent emerging market currencies, or more minor developed market currencies, also to be rewarded. Since the rationale for combining these four strands is that we expect diversification between them, positive performance from all four should be seen as the exception rather than the norm.

Operating review

Product investment performance

Our hedging products are predominantly systematic in nature. The effectiveness of each client mandate is assessed regularly and adjustments are made when necessary in order to respond to changing market conditions or to bring the risk profile of the hedging mandate in line with the client's risk tolerance.

The performance of our Dynamic Hedging product depends on how the foreign currencies change in value relative to the base currency of a client. During the year, mandates for our UK-based Dynamic Hedging clients performed as expected in terms of allowing clients to benefit from periods of strengthening foreign currencies, whilst being protected against periods of weakening foreign currencies. For our US-based Dynamic Hedging clients, costs associated with a sideways-moving US dollar led to negative hedging returns.

UK investors saw underlying gains from currency over the year as sterling weakened against all G10 currencies following the UK's decision to leave the EU, leading to higher sterling valuations for foreign currency investments. UK-based Dynamic Hedging programmes began the period with hedge ratios close to zero, and remained low throughout the year as the currency depreciated further, thus containing hedging losses and allowing UK investors to capture gains in the underlying overseas exposures.

US investors saw losses from currency on international assets when valuing positions in US dollars, as the US dollar strengthened against most G10 currencies on account of expectations for stimulatory fiscal policy, corporate tax cuts and a potential border adjustment tax. Record's Dynamic Hedging product increased hedge ratios in line with US dollar strength, though programmes experienced negative hedging returns due to the costs associated with varying the hedge ratios in the first half of the year, as the US dollar traded in a relatively narrow range.

Record had a number of "live" Currency for Return products in the year. The Record Currency – FTSE FRB10 Index Fund, and Emerging Market products are founded on market risk premia and as such perform more strongly in "risk on" environments. By contrast, Momentum and Value strategies are more behavioural in nature, and as a result are less risk-sensitive. FRB10 Index, Emerging Market, Momentum and Value can also be combined to create the Record Currency Multi-Strategy product.

During the period, all Record Active Forward Rate Bias portfolios had been transitioned to the FRB10 Index strategy as part of account restructuring processes agreed with the respective clients. The Forward Rate Bias Index product uses more diversified allocations without active risk control and similarly aims to buy selected higher interest rate developed market currencies and sell selected lower interest rate currencies. This year saw positive returns from all currency selections other than a short position in the Japanese yen, which ended the year up against higher interest rate currencies. Record remains committed to our belief that over time currency, and in particular the Carry strategy, can be a persistent and uncorrelated source of returns for investors, and that the Carry will continue to generate long -term returns.

Record's Emerging Market Currency Fund generated positive returns over the period as emerging market currencies generally appreciated against a basket of developed market currencies. Returns in the fund were mainly attributable to the appreciation of the Russian rouble, Brazilian real and South African rand, which appreciated as an improvement in global growth prospects saw commodity prices rise throughout the period. In addition, the diversified developed market shorts contributed positively to performance as the US dollar appreciated against the euro, Japanese yen and pound sterling.

Record's Multi-Strategy mandates combining Carry, Emerging Market, Momentum and Value strategies delivered positive performance over the period. Gains were driven by positive returns in all four strands. In the Value strategy, returns were primarily driven by long positions in the Japanese yen and the US dollar. The US dollar appreciated over the year as the Federal Reserve delivered two interest rate hikes during the period, and as markets anticipated fiscal stimulus following Donald Trump's surprise Presidential election win. Positive returns in the Momentum strand were driven by a short position in the pound, which depreciated significantly in the run up to, and following the UK's decision to leave the European Union in June. Gains in the Carry strategy were driven by a long position in the New Zealand dollar which appreciated as commodity export prices recovered, and a short position in the Swedish krona which depreciated on account of a dovish policy stance by the central bank, despite a stream of positive economic data.

Fund name	Gearing	Return for 12 months to 31 March 2017 %	Return since inception % p.a.	Volatility since inception % p.a.
FTSE FRB10 Index Fund[1]	1.8	8.09%	2.10%	7.32%
Emerging Market Currency Fund [2]	1	10.37%	1.58%	6.53%

Index/composite returns	Return for 12 months to 31 March 2017 %	Return since inception % p.a.	Volatility since inception % p.a.
FTSE Currency FRB10 GBP Excess return[3]	4.45%	2.04%	4.62%
Currency Value[4]	1.37%	2.93%	3.13%
Currency Momentum[5]	2.06%	1.82%	3.78%
Record Multi-Strategy composite[6]	6.82%	2.48%	2.45%

Gearing

The Currency for Return product group allows clients to select the level of exposure they desire in their currency programmes. The pooled funds have historically offered clients a range of gearing and target volatility levels. The segregated mandates allow clients to individually pick the level of gearing and/or volatility target.

It should be emphasised that in this case "gearing" refers to the multiple of the maximum size of the aggregate forward contracts in the currency programme, to the pooled fund's net assets or the segregated mandate size. This is limited by the willingness of counterparty banks to take exposure to the pooled fund or segregated client. Gearing in this context does not involve borrowing.

AUME development

AUME increased by 10% during the year ended 31 March 2017, finishing the year at AUME of $58.2 billion (2016: $52.9 billion).

When expressed in sterling, AUME increased by £9.8 billion to £46.6 billion (2016: £36.8 billion).

AUME development ($bn)

Opening AUME at 1 April 2016	Net client inflows	Markets	FX effects	Closing AUME at 31 March 2017
52.9	+3.2	+5.4	-3.3	58.2

AUME movements

The Group has seen net inflows of $3.2 billion during the year arising from inflows from both new and existing clients of $9.2 billion offset by outflows of $6.0 billion.

Passive Hedging AUME continued to grow reaching $48.2 billion by the end of the year (2016: $43.4 billion), an increase of 11%. Net inflows of +$2.5 billion were from a combination of new and existing clients with the net impact of external factors contributing a further +$2.3 billion.

Dynamic Hedging benefited from inflows of +$0.7 billion, being partially offset by external factors with an impact of -$0.5 billion, ending the year at $6.3 billion (2016: $6.1 billion).

1 FTSE FRB10 Index Fund return data is since inception in December 2010, GBP base.
2 Record Currency – Emerging Market Currency Fund return data is since inception in December 2010, GBP base.
3 FTSE Currency FRB10 GBP Excess return data is since December 1987, GBP base.
4 Currency Value return data is since inception in July 2012, CAD base.
5 Currency Momentum return data is since inception in July 2012, CAD base.
6 Record Multi-Strategy composite is since inception in July 2012, showing excess returns data gross of fees in USD base.

Currency for Return AUME was boosted by inflows of +$0.3 billion to our Multi-Strategy product contributing to an increase from $0.6 billion to $1.0 billion over the period.

Multi-product AUME was broadly unchanged with outflows of -$0.4 billion being offset by the net impact of external factors of +$0.3 billion.

Equity and other market performance

Record's AUME is affected by movements in equity and other market levels because substantially all the Passive and Dynamic Hedging, and some of the Multi-product mandates, are linked to equity and other market levels. Market performance increased AUME by $5.4 billion in the year to 31 March 2017.

Further detail on the composition of assets underlying our Hedging and Multi-product mandates is provided below to help illustrate more clearly the impact of equity and fixed income market movements on these mandate sizes.

AUME composition by underlying asset class as at 31 March 2017

	Equity %	Fixed income %	Other %
Dynamic Hedging	98%	-%	2%
Passive Hedging	29%	42%	29%
Multi-product	-%	-%	100%

Forex

The percentage of the Group's AUME which is non‑US dollar denominated is 90%. The foreign exchange impact of the conversion of non‑US dollar mandate sizes into US dollar AUME had the impact of decreasing AUME by $3.3 billion over the year. This movement does not have an equivalent impact on the sterling value of fee income.

At 31 March 2017, the split of AUME by base currency was 21% in sterling, 58% in Swiss francs, 10% in US dollars, 10% in euros and 1% in other currencies.

Product mix

AUME composition by product

	31 March 17		31 March 16	
	US $bn	%	US $bn	%
Dynamic Hedging	6.3	11%	6.1	12%
Passive Hedging	48.2	83%	43.4	82%
Currency for Return	1.0	2%	0.6	1%
Multi-product	2.5	4%	2.6	5%
Cash	0.2	-%	0.2	-%
Total	**58.2**	**100%**	**52.9**	**100%**

We have seen AUME growth across most product lines over the period, with the exception being a modest AUME reduction in our Multi-product category. As a result there has been no significant movement in product mix. With inflows of $2.5 billion in the year, Passive Hedging now represents 83% at 31 March 2017 (2016: 82%) whilst Dynamic Hedging represents 11% at 31 March 2017 (2016: 12%) with inflows of $0.7 billion in the period. Multi-product represented 4% of total AUME at 31 March 2017 (2016: 5%) as a result of net outflows of $0.4 billion in the period.

Client numbers

After a fifth consecutive year of growth, client numbers reached 59 at 31 March 2017 (2016: 58). The net increase of one client over the year was comprised of nine new clients and eight clients whose mandates were terminated, including six associated clients whose mandates were terminated in the last quarter of the year.

AUME composition by product and base currency

	Dynamic Hedging		Passive Hedging		Currency for Return		Multi-product	
Base currency	**31 March 17**	**31 March 16**	**31 March 17**	**31 March 16**	**31 March 17**	**31 March 16**	**31 March 17**	**31 March 16**
Sterling	GBP 1.7bn	GBP 1.9bn	GBP 7.8bn	GBP 5.9bn	-	-	-	-
US dollar	USD 4.3bn	USD 3.3bn	USD 0.7bn	USD 0.4bn	USD 0.7bn	USD 0.3bn	USD 0.2bn	USD 0.6bn
Swiss franc	-	-	CHF 31.6bn	CHF 30.2bn	-	-	CHF 2.3bn	CHF 1.9bn
Euro	-	-	EUR 5.4bn	EUR 2.7bn	-	-	-	-
Canadian dollar	-	-	-	-	CAD 0.4bn	CAD 0.3bn	-	-
Singapore dollar	-	-	SGD 0.1bn	SGD 0.1bn	-	-	-	-
Swedish krona	-	-	SEK 2.4bn	-	-	-	-	-

Financial review

In a strong year for the Group, we are pleased to report our highest ever value of AUME which finished the year at $58.2 billion.

Overview

In a strong year for the Group, we are pleased to report our highest ever value of AUME, which finished the year at $58.2 billion (+10%), driven predominantly by asset flows of +$3.2 billion (2016: -$2.3 billion) and increases in underlying equity and other market movements of +$5.4 billion (2016: +$0.4 billion). Client numbers increased for the fifth successive year, reaching 59 at the year-end, and now standing a third higher than they were four years ago (44).

The Group's total revenue increased by 13% over last year, assisted by the tailwind afforded by sterling depreciation following the UK referendum vote and its effect on those Group revenues denominated in the base currencies of our clients, when retranslated into sterling.

Total operating expenditure (excluding variable remuneration costs) increased by 5% over the prior year, driven by increases in both personnel costs and non-personnel costs, at 4% and 7% respectively. Variable remuneration costs relating to the Group Profit Share ("GPS") scheme increased by 10% in line with the increase in underlying operating profit (calculated before GPS).

As a result of above, the operating profit margin increased to 36% (2016: 32%) for the year, leading to an increase in profit before tax of 26% over the prior year.

Profit and loss (£m)	**2017**	**2016**
Revenue	**23.9**	**21.1**
Cost of sales	(0.3)	(0.2)
Gross profit	**23.6**	**20.9**
Personnel (excluding Group Profit Share Scheme)	(7.1)	(6.8)
Non-personnel cost	(4.6)	(4.3)
Total expenditure (excluding Group Profit Share Scheme)	(11.7)	(11.1)
Group Profit Share Scheme	(3.3)	(3.0)
Operating profit	**8.6**	**6.8**
Operating profit margin	36%	32%
Net interest received	0.1	0.1
Profit before tax	**8.7**	**6.9**
Tax	(1.6)	(1.5)
Profit after tax	**7.1**	**5.4**

Revenue

Record's revenue is principally management fees earned from the provision of currency management services.

Revenue analysis (£m)	**2017**	**2016**
Management fees	22.7	20.9
Performance fees	-	0.3
Other income	1.2	(0.1)
Total	**23.9**	**21.1**

Record charges management fees to its clients based upon the AUME of the product provided. Both Passive and Dynamic Hedging typically have management fee only arrangements, although some Dynamic Hedging programmes have a performance fee element. Record has historically offered both management fee only, and management fee plus performance fee structures on Currency for Return mandates. Higher performance fee rates usually accompany lower management fee rates and vice versa.

Management fees and performance fees are normally invoiced on a quarterly basis, although Record may invoice management fees for some of its larger clients on a monthly basis.

Management fees

Income from management fees earned during the year was £22.7 million, an increase of 9% over the previous year.

Passive Hedging management fees grew by 29% and account for over half (53%) of all management fees, providing a stable source of revenue which now covers the annual operating expenses (excluding variable remuneration costs) of the business. The increase in Passive Hedging management fees was primarily driven by net AUME inflows totalling $2.5 billion during the year, assisted by the effects of translating fees charged in clients' base currencies during a period of sterling weakness.

Management fees from Dynamic Hedging remained broadly level with last year at £5.6 million despite the full year impact this year of the loss of management fees from a £900 million client mandate announced in October 2015, albeit offset by inflows of $0.7 billion, again assisted by translation effects.

Inflows of $0.4 billion into Currency for Return mandates in the year alongside sterling translation effects resulted in a 25% increase to related management fees for the year. Total Multi-product management fees decreased by 23% as a consequence of net outflows of -$0.5 billion in the year, further underlining the variability of certain mandates.

Management fees by product (£m)	**2017**	**2016**
Dynamic Hedging	5.6	5.5
Passive Hedging	12.1	9.4
Currency for Return	1.0	0.8
Multi-product	4.0	5.2
Total	**22.7**	**20.9**

Average management fee rates for all product lines have remained broadly constant throughout the year ended 31 March 2017.

Average management fee rates by product – (bps)	**2017**	**2016**
Dynamic Hedging	12	13
Passive Hedging	4	3
Currency for Return	15	20
Multi-product	20	19

Aggregate Currency for Return fee rates on AUME have decreased including as a result of increasing portfolio sizes for mandates with defined volatility targets, where the fee rate is linked to the target volatility. Certain Multi-Strategy portfolio sizes have been increased as volatility in the underlying strategies has fallen and correlations between strategies have increased, reducing the volatility of the aggregate return to the client. This effect may reverse in future periods. Fee rates based on volatility targets have not changed during the period.

Performance fees

Performance fees can be earned either from Currency for Return or Dynamic Hedging programmes, dependent on the individual client agreement. Record had two mandates during the year incorporating a performance fee component, both of which are Dynamic Hedging mandates. There was no performance fee earned in the year (2016: £0.3 million).

Other income

Other income is principally from gains made on forward foreign exchange contracts employed by the funds seeded by the Group and consolidated under IFRS, and includes gains of £0.8 million consolidated on behalf of the Non-controlling interests invested in the funds. Revenue from the licensing agreement with WisdomTree and hedging gains or losses on revenues denominated in currencies other than sterling, and other foreign exchange gains or losses are also included.

Expenditure

Operating expenditure

Group operating expenditure (excluding variable remuneration) increased by 5% to £11.7 million for the year. Personnel costs increased by 4% over the prior year in line with the growth in employee numbers, which rose from an average of 69 last year to 73 this year. An increase in non-personnel costs of 7% was driven predominantly by the increase in occupancy costs associated with a new lease on larger offices for Record's headquarters in Windsor UK, plus moving the US office from Atlanta to New York, both at higher market rentals than was previously the case (see note 23 of the financial statements for further detail).

Group Profit Share Scheme

The Group operates a Group Profit Share Scheme such that a long-term average of 30% of underlying operating profit before Group Profit Share ("GPS") is made available to be awarded to staff. The Remuneration Committee has agreed that for the year ended 31 March 2017, the Group Profit Share Scheme is 30% of pre-GPS operating profit. This represents £3.3 million, an increase of 10% over the previous financial year and in line with Group financial performance. Directors and senior management in Record are required to take a proportion of this remuneration in the form of shares which are subject to lock-up arrangements under the scheme rules.

Under the scheme rules, the intention is to purchase shares required, in the market following the announcement of interim and full year financial results.

Operating profit and margins

On a fully consolidated basis, the operating profit for the year increased by 26% to £8.6 million and the Group operating margin increased to 36% (2016: 32%).

Management also considers operating profit and profit before tax on an "underlying" basis, which excludes the impact of the income and expenditure attributable to non-controlling interests (i.e. gains and losses attributable to other investors in the seed funds which are consolidated into the Group's financial statements on a line-by-line basis, as required under IFRS). This reflects the approach used for internal management reporting and is considered to represent more accurately the core revenues and costs driving current and future cash flows of the business. Underlying operating profit for the year was £7.7 million (2016: £6.9 million) with underlying profit before tax for the year of £7.9 million (2016: £7.0 million).

Cash flow

The Group's year end cash and cash equivalents stood at £19.1 million (2016: £21.7 million). The cash generated from operating activities before tax was £8.7 million (2016: £7.1 million), with £1.6 million paid in taxation (2016: £1.6 million) and £3.6 million paid in dividends (2016: £3.7 million). At the year end, the Group held money market instruments with maturities between three and twelve months, worth £18.1 million (2016: £13.0 million). These instruments are managed as cash by the Group but are not classified as cash under IFRS rules (see note 16 of the financial statements for more details).

Dividends

Shareholders received an interim ordinary dividend of 0.825p per share paid on 23 December 2016, equivalent to £1.8 million. As disclosed in the Chairman's statement, the Board is recommending an increased ordinary dividend in line with the improved profitability of the Group and in addition a special dividend returning the excess of this year's earnings over the total ordinary dividend to shareholders. Consequently, the Board recommends paying a final ordinary dividend of 1.175 pence per share, equivalent to £2.6 million, taking the overall ordinary dividend to 2.00 pence per share, and simultaneously paying a special dividend of 0.91 pence per share (equivalent to £2.0 million), making the total dividends paid for the year of £6.3 million equal to earnings of 2.91 pence per share, (total ordinary dividend paid in respect of the prior year ended 31 March 2016 was 1.65 pence per share, and there was no special dividend paid).

Subject to shareholder approval, the final ordinary dividend will be paid simultaneously with the special dividend on 2 August 2017 to shareholders on the register on 30 June 2017, the ex-dividend date being 29 June 2017. All ordinary and special dividends for the financial year will be fully covered by earnings.

For the current and future financial years, the Board intends to pursue a progressive dividend policy and to consider the return of excess earnings over ordinary dividends to shareholders, potentially in the form of special dividends. On this basis, such distributions to shareholders will be considered on a 'total distribution' basis, such that the total distribution for any one financial year will at least be covered by earnings, whilst always being subject to market conditions at the time, and to any further excess capital assessed as required by the Board.

Financial stability and capital management

The Group's balance sheet is strong and liquid with total net assets of £41.6 million at the end of the year, including current assets managed as cash totalling £37.2 million. The business remains cash generative, with net cash inflows from operating activities of £7.2 million for the year.

The Board's new capital policy is to retain minimum capital (being equivalent to shareholders' funds) within the business broadly equivalent to twelve months' worth of future estimated operating expenses (excluding variable remuneration), plus capital assessed as sufficient to meet regulatory capital requirements and working capital purposes, and for investing in new opportunities for the business. To this end, the Group maintains a financial model to assist it in forecasting future capital requirements over a three year cycle under various scenarios and monitors the capital and liquidity positions of the Group on an ongoing and frequent basis. The Group has no debt.

Record Currency Management Limited ("RCML") is a BIPRU limited licence firm authorised and regulated in the UK by the Financial Conduct Authority ("FCA"), and is a wholly owned subsidiary of Record plc. RCML is required to submit semi-annual capital adequacy returns, and it held significant surplus capital resources relative to its regulatory financial resource requirement throughout the year. Similarly the Group also submits semi-annual capital adequacy returns but on a consolidated basis, taking account of the risks across the business assessed by the Board as requiring further capital. In assessing these risks, the Group uses an active risk-based approach to monitoring and managing risks, which includes its Internal Capital Adequacy Assessment Process ("ICAAP").

The Board has concluded that the Group is adequately capitalised both to continue its operations effectively and to meet regulatory requirements, due to the size and liquidity of balance sheet resources maintained by the Group.

The Group held regulatory capital resources based on the audited financial statements as at 31 March, as follows:

Regulatory capital resources (£m)	**2017**	**2016**
Core Tier 1 capital	36.8	33.7
Deductions: intangible assets	(0.2)	(0.3)
Regulatory capital resources	**36.6**	**33.4**

Further information regarding the Group's capital adequacy information can be found in the Group's Pillar 3 disclosure, which is available on the Group's website at www.recordcm.com.

Viability statement

In accordance with the UK Corporate Governance Code, the Directors have performed a robust assessment of the viability of the Group considering the business model, the Group's expected financial position, Board strategy and risk appetite, the Group's solvency and liquidity and its principal risks.

The Directors review the financial forecasts and position of the Group on a regular basis, mindful of the need to maintain a strong balance sheet whilst allowing the Group the flexibility to adapt its products and services to challenging market conditions, or to take advantage of emerging business opportunities. The Group's strategy and principal risks are assessed and reviewed regularly by the Board as well as by the Executive Committee and operational sub-committees within the Group.

The market and regulatory environment in which the Group operates is constantly evolving and the Directors consider it prudent to consider a three year horizon over which to assess the viability of the Group. This is consistent with the approach in its ICAAP, which uses scenario analysis to evaluate potential impacts of severe but plausible occurrences on the business, and to quantify the level of capital required to mitigate the financial impact to the Group. Such scenarios consider material events that may occur as a result of the principal risks faced by the business, for example, direct AUME outflows or severe reputational damage to the business.

Having reviewed and considered the results of the above, the Directors have a current, reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due over the three year period of their assessment, to 31 March 2020.

Consolidated statement of comprehensive income

Year ended 31 March

	Note	2017 £'000	2016 £'000
Revenue	**3**	**23,928**	**21,134**
Cost of sales		(298)	(221)
Gross profit		**23,630**	**20,913**
Administrative expenses		(15,067)	(14,123)
Operating profit	**4**	**8,563**	**6,790**
Finance income		112	143
Profit before tax		**8,675**	**6,933**
Taxation	**6**	(1,540)	(1,523)
Profit after tax and total comprehensive income for the year		**7,135**	**5,410**
Profit and total comprehensive income for the year attributable to:			
Non-controlling interests		819	(131)
Owners of the parent		6,316	5,541
Earnings per share for profit attributable to the equity holders of the Group during the year			
Basic earnings per share	**7**	2.91p	2.55p
Diluted earnings per share	**7**	2.90p	2.54p

Consolidated statement of financial position

As at 31 March

	Note	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	10	881	81
Intangible assets	11	245	299
Investments	12	-	-
Deferred tax assets	13	102	43
Total non-current assets		**1,228**	**423**
Current assets			
Trade and other receivables	14	6,972	5,695
Derivative financial assets	15	53	106
Money market instruments with maturities > 3 months	16	18,102	13,020
Cash and cash equivalents	16	19,120	21,720
Total current assets		**44,247**	**40,541**
Total assets		**45,475**	**40,964**
Current liabilities			
Trade and other payables	17	(3,013)	(2,372)
Corporation tax liabilities	17	(804)	(776)
Derivative financial liabilities	15	(48)	(108)
Total current liabilities		**(3,865)**	**(3,256)**
Total net assets		**41,610**	**37,708**
Equity			
Issued share capital	18	55	55
Share premium account		1,971	1,899
Capital redemption reserve		20	20
Retained earnings		34,785	31,715
Equity attributable to owners of the parent		**36,831**	**33,689**
Non-controlling interest	20	4,779	4,019
Total equity		**41,610**	**37,708**

Consolidated statement of changes in equity

Year ended 31 March 2017

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total Attributable to equity holders of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2016	55	1,899	20	31,715	**33,689**	4,019	**37,708**
Profit and total comprehensive income for the year	-	-	-	6,316	**6,316**	819	**7,135**
Dividends paid	-	-	-	(3,592)	**(3,592)**	-	**(3,592)**
Own shares acquired by EBT	-	-	-	(775)	**(775)**	-	**(775)**
Release of shares held by EBT	-	72	-	992	**1,064**	-	**1,064**
Issue of units in funds to non-controlling interests	-	-	-	-	**-**	(59)	**(59)**
Share-based payment reserve movement	-	-	-	129	**129**	-	**129**
Transactions with shareholders	-	72	-	(3,246)	**(3,174)**	(59)	**(3,233)**
As at 31 March 2017	**55**	**1,971**	**20**	**34,785**	**36,831**	**4,779**	**41,610**

Year ended 31 March 2016

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total Attributable to equity holders of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2015	55	1,847	20	30,006	**31,928**	3,876	**35,804**
Profit and total comprehensive income for the year	-	-	-	5,541	**5,541**	(131)	**5,410**
Dividends paid	-	-	-	(3,750)	**(3,750)**	-	**(3,750)**
Own shares acquired by EBT	-	-	-	(1,006)	**(1,006)**	-	**(1,006)**
Release of shares held by EBT	-	52	-	536	**588**	-	**588**
Change in non-controlling interest on initial consolidation of seed fund	-	-	-	-	**-**	417	**417**
Issue of units in funds to non-controlling interests	-	-	-	-	**-**	(143)	**(143)**
Share-based payment reserve movement	-	-	-	388	**388**	-	**388**
Transactions with shareholders	-	52	-	(3,832)	**(3,780)**	274	**(3,506)**
As at 31 March 2016	**55**	**1,899**	**20**	**31,715**	**33,689**	**4,019**	**37,708**

Consolidated statement of cash flows

Year ended 31 March

	Note	2017 £'000	2016 £'000
Net cash inflow from operating activities	24	**7,166**	**5,509**
Cash flow from investing activities			
Purchase of intangible software		(189)	(39)
Purchase of property, plant and equipment		(899)	(29)
Sale of securities		-	1,462
(Purchase)/sale of money market instruments with maturity > 3 months		(5,082)	5,079
Increase in cash as a result of consolidating FTSE FRB10 Index Fund		-	1,968
Interest received		112	165
Net cash (outflow)/inflow from investing activities		**(6,058)**	**8,606**
Cash flow from financing activities			
Cash flow from redemption of units in funds		(59)	(143)
Exercise of share options		28	-
Purchase of own shares		(221)	(794)
Dividends paid to equity shareholders	8	(3,592)	(3,750)
Cash outflow from financing activities		**(3,844)**	**(4,687)**
Net (decrease)/ increase in cash and cash equivalents in the year		**(2,736)**	**9,428**
Effect of exchange rate changes		136	282
Cash and cash equivalents at the beginning of the year		21,720	12,010
Cash and cash equivalents at the end of the year		**19,120**	**21,720**
Closing cash and cash equivalents consist of:			
Cash		7,457	5,439
Cash equivalents		11,663	16,281
Cash and cash equivalents	16	**19,120**	**21,720**

Company statement of financial position

As at 31 March

	Note	2017 £'000	2016 £'000
Non-current assets			
Investments	12	4,197	3,666
Total non-current assets		4,197	3,666
Current assets			
Cash and cash equivalents	16	2	2
Total current assets		**2**	**2**
Total assets		**4,199**	**3,668**
Current liabilities			
Trade and other payables	17	(11)	(11)
Corporation tax liabilities	17	(67)	-
Total current liabilities		**(78)**	**(11)**
Total net assets		**4,121**	**3,657**
Equity			
Issued share capital	18	55	55
Share premium account		1,809	1,809
Capital redemption reserve		20	20
Retained earnings		2,237	1,773
Total equity		**4,121**	**3,657**

During the year the Company made a total comprehensive gain of £3,855,425 (2016: £4,091,492).

Company statement of changes in equity

Year ended 31 March 2017

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2016	55	1,809	20	1,773	3,657
Profit and total comprehensive income for the year	-	-	-	3,855	3,855
Dividends paid	-	-	-	(3,592)	(3,592)
Share option reserve movement	-	-	-	201	201
Transactions with shareholders	-	-	-	(3,391)	(3,391)
As at 31 March 2017	55	1,809	20	2,237	4,121

Year ended 31 March 2016

	Called up share capital £'000	Share premium account £'000	Capital redemptio n reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2015	55	1,809	20	1,191	3,075
Profit and total comprehensive income for the year	-	-	-	4,092	4,092
Dividends paid	-	-	-	(3,750)	(3,750)
Share option reserve movement	-	-	-	240	240
Transactions with shareholders	-	-	-	(3,510)	(3,510)
As at 31 March 2016	55	1,809	20	1,773	3,657

Company statement of cash flows

Year ended 31 March

	Note	2017 £'000	2016 £'000
Net cash outflow from operating activities	24	**-**	**(471)**
Cash flow from investing activities			
Dividends received		3,592	4,205
Interest received		-	1
Net cash inflow from investing activities		**3,592**	**4,206**
Cash flow from financing activities			
Dividends paid to equity shareholders	8	(3,592)	(3,750)
Cash outflow from financing activities		**(3,592)**	**(3,750)**
Net decrease in cash and cash equivalents in the year		-	(15)
Cash and cash equivalents at the beginning of the year		2	17
Cash and cash equivalents at the end of the year		**2**	**2**
Closing cash and cash equivalents consist of:			
Cash		2	2
Cash equivalents		-	-
Cash and cash equivalents		**2**	**2**

Notes to the financial statements

For the year ended 31 March 2017

These financial statements exclude disclosures that are both immaterial and judged to be unnecessary to understand our results and financial position.

1. Accounting policies

In order to increase the clarity of the notes to the financial statements, accounting policy descriptions appear at the beginning of the note to which they relate, and are shown in italic text.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out in the notes below. These policies have been consistently applied to all periods presented unless otherwise stated.

a. Accounting convention

Basis of preparation

The Group and Company have prepared their financial statements under International Financial Reporting Standards ("IFRSs") as adopted by the European Union. IFRSs comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") as adopted in the European Union as at 31 March 2017. The financial statements have been prepared on a historical cost basis, modified to include fair valuation of derivative financial instruments.

The Directors are satisfied that the Company and the Group have adequate resources with which to continue to operate for the foreseeable future. For this reason the financial statements have been prepared on a going concern basis.

The preparation of financial statements in accordance with the recognition and measurement principles set out in IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The bases for management judgements, estimates and assumptions are discussed further in note 2.

Impact of new accounting standards

A number of amendments to existing standards and interpretations have been issued, some of which were mandatory for periods beginning 1 April 2016, with the remaining becoming effective in future periods. The new standards and amendments to existing standards effective for the year to 31 March 2017 have not had a material impact on the financial statements of Record plc.

Standard	**Description**	**Effective date**
Amendments to IAS 1 (December 2014)	Part of the disclosure initiative aimed at improving financial statement presentation and disclosures	1 January 2016

Standards and interpretations issued but not yet adopted

Standard	**Description**	**Effective date (periods commencing on or after 1 January 2017)**
IFRS 9 (July 2014)	*Financial instruments*	1 January 2018
IFRS 15 (May 2014)	*Revenue from contracts with customers*	1 January 2018
IFRS 16 (January 2016)	*Leases*	1 January 2019

IFRS 9 has been endorsed by the EU and replaces the classification and measurement models for financial instruments in IAS 39 with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The Group's business model and the contractual cash flows arising from its investments in financial instruments determine the classification. The impact of the standard will depend on the types of financial instruments held by the Group on adoption. The detailed assessment of the exact impact IFRS 9 will have on the Group's financial statements is ongoing.

IFRS 15 has been endorsed by the EU and deals with revenue recognition; establishing principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised in a manner that depicts the pattern of transfer of services to the customer, according to a five-step model stipulated by the standard. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The Group does not anticipate that IFRS 15 will have a material impact on results. However, additional disclosures may be required.

IFRS 16 "Leases" will replace IAS 17 "Leases". IFRS 16 requires that all operating leases in excess of one year, where the Group is the lessee, are included on the Group's statement of financial position. The Group will be required to recognise a right-of-use (ROU) asset and a lease liability (representing the obligation to make lease payments). The ROU asset will be amortised on a straight-line basis with the interest expense on the lease liability being measured using the effective interest method. IFRS 16 contains optional exemptions for both short-term leases (less than 12 months) and for small-value leases. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement and the entity adopting IFRS 15 at the same time. The Group is currently assessing the impact of IFRS 16 on its financial statements.

No other standards or interpretations issued but not yet effective are expected to have a material impact on the Group's financial statements.

b. Basis of consolidation

The consolidated financial information contained within the financial statements incorporates financial statements of the Company and its subsidiaries drawn up to 31 March 2017. Subsidiaries are entities controlled by the Company and are included from the date that control commences until the date that control ceases. Control is achieved where the Company is exposed to or has rights over variable returns from its involvement with the entity and it has the power to affect returns. Where the Group controls an entity, but does not own all the share capital of that entity, the interest of the other shareholders' non-controlling interests is stated within equity at the non-controlling interests' proportion of the fair value of the recognised assets and liabilities.

An Employee Benefit Trust has been established for the purposes of satisfying certain share based awards. As the Group has "de facto" control over this special purpose entity, the trust is fully consolidated within the financial statements.

The Group has investments in three funds. These funds are held by Record plc and represent seed capital investments by the Group. If the Group is in a position to be able to control a fund by virtue of holding a majority of units in the fund, then the fund is consolidated within the Group accounts. We consider that the Group exerts such control in cases where it (either in isolation or together with its related parties) holds a majority of units in the fund. Such funds are consolidated either on a line-by-line basis, or if it meets the definition of a disposal group held for sale it is classified and accounted for on that basis. In the case that the Group does not control a fund for the complete reporting period, then the fund is consolidated only for the part of the reporting period for which the Group has control over the entity.

The accounts of subsidiary undertakings, which are prepared using uniform accounting policies, are coterminous with those of the Company apart from those of the seeded funds which have accounting reference dates of 30 September. The consolidated financial statements incorporate the financial performance of the seeded funds in the year ended 31 March 2017 and the financial position of the seeded funds as at 31 March 2017.

The Company is taking advantage of the exemption under the Companies Act 2006 s408(1) not to present its individual statement of comprehensive income and related notes that form part of the financial statements. The Group's total comprehensive income for the year includes a profit of £3,855,425 attributable to the Company (2016: £4,091,492).

All intra-Group transactions, balances, income, expenses and dividends are eliminated on consolidation.

c. Foreign currencies

The financial statements are presented in sterling (£), which is the functional currency of the parent company. Foreign currency transactions are translated into the functional currency of the parent company using prevailing exchange rates which are updated on a monthly basis. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

d. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

e. Impairment of assets

The Group assesses whether there is any indication that any of its assets have been impaired at least annually. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

f. Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

g. Equity

Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premium received on issue of share capital. Retained earnings includes all current and prior period retained profits and share-based employee remuneration. All transactions with owners of the parent are recorded separately within equity.

2. Critical accounting estimates and judgements

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Note 1.b. describes the basis which the Group uses to determine whether it controls seed funds. Note 19 covers the assumptions made in calculating the fair value of share options offered by the Group to its employees. The Directors have judged that the Group does not bear substantially all the risks and rewards of ownership of its leasehold premises and therefore accounts for the leases as operating leases as described in note 23.

3. Revenue

Revenue recognition

Revenue is recognised in profit or loss when the amount of revenue can be measured reliably, it is probable that economic benefits will flow to the entity, the stage of completion can be measured reliably, and the costs incurred and costs to complete the transaction can be measured reliably also.

Management fees are accrued on a daily basis, typically based upon an agreed percentage of the assets under management equivalents ("AUME") denominated in the client's chosen base currency. The Group is entitled to earn performance fees from some clients where the performance of the clients' mandates exceeds defined benchmarks by an agreed level of outperformance over a set time period. Performance fees are recognised at the end of each contractual performance period as this is the first point at which the fee amount can be estimated reliably and it is probable that the fee will be received.

Segmental analysis

The Directors, who together are the entity's Chief Operating Decision Maker, consider that its services comprise one operating segment (being the provision of currency management services) and that it operates in a market that is not bound by geographical constraints. The Group provides Directors with revenue information disaggregated by product, whilst operating costs, assets and liabilities are presented on an aggregated basis. This reflects the unified basis on which the products are marketed, delivered and supported.

a. Product revenues

The Group has split its currency management revenues by product. Other income includes gains or losses from foreign exchange conversion, gains or losses on derivative financial instruments (see note 15), gains or losses on seed investments that have not been consolidated on a line-by-line basis and fees from other related services.

Revenue by product type	2017 £'000	2016[1] £'000
Management fees		
Dynamic Hedging	5,542	5,513
Passive Hedging	12,130	9,438
Currency for Return	1,025	791
Multi-Product	4,021	5,199
Total management fee income	**22,718**	**20,941**
Performance fee income – Dynamic Hedging	-	315
Other income	1,210	(122)
Total revenue	**23,928**	**21,134**

Other income includes gains attributable to the non-controlling interest's holding in the funds of £821,769 (2016: losses of £112,274).

[1]During the year, the Group introduced a new product classification (Multi-product), and has restated the prior year analysis on the revised basis. A full reconciliation of the analysis under historic classification to the revised classification is provided after the notes to the financial statements.

b. Geographical analysis

The geographical analysis of revenue is based on the destination i.e. the location of the client to whom the services are provided. All turnover originated in the UK.

Revenue by geographical region	2017 £'000	2016 £'000
Management and performance fee income		
UK	3,863	4,501
US	4,979	3,746
Switzerland	11,576	11,939
Other	2,300	1,070
Total management and performance fee income	**22,718**	**21,256**
Other income	1,210	(122)
Total revenue	**23,928**	**21,134**

Other income is not analysed by geographical region.

All of the Group's tangible non-current assets are located in the UK.

c. Major clients

During the year ended 31 March 2017, four clients individually accounted for more than 10% of the Group's revenue. The four largest clients generated revenues of £3.7 million, £3.4 million, £2.9 million and £2.5 million in the year (2016: five largest clients generated revenues of £2.8 million, £2.8 million, £2.4 million, £2.4 million and £2.3 million).

4. Operating profit

Operating profit for the year is stated after charging/(crediting):

	2017 £'000	2016 £'000
Staff costs	10,434	9,693
Depreciation of property, plant and equipment	99	77
Amortisation of intangibles	243	244
Auditor fees		
Fees payable to the Group's auditor for the audit of the Company's annual accounts	45	45
Fees payable to the Group's auditor for the audit of subsidiary undertakings	40	39
Fees payable to the Group's auditor and its associates for other services:		
Corporation tax services	-	10
Audit-related assurance services	68	68
Operating lease rentals: land and buildings	502	224
Loss on forward FX contracts held to hedge cash flow	506	315
(Gain)/loss on derivative financial instruments held by seed funds	(612)	178
Exchange gain on revaluation of non-controlling interests' holding in seed funds	(420)	(17)
Other exchange gains	(450)	(281)

5. Staff costs

The average number of employees, including Directors, employed by the Group during the year was:

	2017	2016
Corporate	9	9
Client relationships	14	12
Investment research	12	10
Operations	22	23
Risk management	5	4
Support	11	11
Annual average	**73**	**69**

The aggregate costs of the above employees, including Directors, were as follows:

	2017 £'000	2016 £'000
Wages and salaries	7,499	6,922
Social security costs	1,059	1,005
Pension costs	376	479
Other employment benefit costs	1,500	1,287
Aggregate staff costs	**10,434**	**9,693**

Other employment benefit costs include share-based payments, share option costs, and costs relating to the Record plc Share Incentive Plan.

6. Taxation – Group

Current tax is the tax currently payable based on taxable profit for the year. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The total charge for the year can be reconciled to the accounting profit as follows:

	2017 £'000	2016 £'000
Profit before taxation	**8,675**	**6,933**
Taxation at the standard rate of tax in the UK of 20% (2016: 20%)	1,735	1,387
Tax effects of:		
Other disallowable expenses and non-taxable income	18	15
Capital allowances for the period (higher)/lower than depreciation	(14)	26
Higher tax rates on subsidiary undertakings	11	3
Adjustments recognised in current year in relation to the current tax of prior years	-	4
(Profit)/loss attributable to non-controlling interest	(164)	26
Other temporary differences	(46)	62
Total tax expense	**1,540**	**1,523**
The tax expense comprises:		
Current tax expense	1,599	1,493
Deferred tax expense	(59)	30
Total tax expense	**1,540**	**1,523**

The standard rate of UK corporation tax for the year is 20% (2016: 20%). A full corporation tax computation is prepared at the year end. The actual charge as a percentage of the profit before tax may differ from the underlying tax rate. Differences typically arise as a result of capital allowances differing from depreciation charged, and certain types of expenditure not being deductible for tax purposes. Other differences may also arise.

The tax charge for the year ended 31 March 2017 was £1,539,580 (2016: £1,522,827) which was 17.7% of profit before tax (2016: 22.0%).

7. Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated as for the basic earnings per share with a further adjustment to the weighted average number of ordinary shares to reflect the effects of all potential dilution.

There is no difference between the profit for the financial year attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

	2017	**2016**
Weighted average number of shares used in calculation of basic earnings per share	217,401,660	217,176,877
Effect of potential dilutive ordinary shares – share options	591,036	711,980
Weighted average number of shares used in calculation of diluted earnings per share	**217,992,696**	**217,888,857**

	pence	**pence**
Basic earnings per share	2.91	2.55
Diluted earnings per share	2.90	2.54

The potential dilutive shares relate to the share options granted in respect of the Group's Share Scheme (see note 19). There were share options in place at the beginning of the period over 13,369,249 shares. During the year 1,589,458 share options were exercised, and a further 2,320,748 share options lapsed or were forfeited. The Group granted 4,197,521 share options with a potentially dilutive effect during the year. Of the 13,656,564 share options in place at the end of the period, all have a dilutive impact at the year end.

8. Dividends

Interim and special dividends are recognised when paid and final dividends when approved by shareholders.

The dividends paid by the Group during the year ended 31 March 2017 totalled £3,591,603 (1.65 pence per share) which comprised a final dividend in respect of the year ended 31 March 2016 of £1,790,888 (0.825 pence per share) and an interim dividend for the year ended 31 March 2017 of £1,800,715 (0.825 pence per share).

The dividends paid by the Group during the year ended 31 March 2016 totalled £3,749,849 (1.725 pence per share) which comprised a final dividend in respect of the year ended 31 March 2015 of £1,962,261 (0.90 pence per share) and an interim dividend for the year ended 31 March 2016 of £1,787,588 (0.825 pence per share).

For the year ended 31 March 2017, a final ordinary dividend of 1.175 pence per share has been proposed and a special dividend of 0.91 pence per share has been declared.

9. Retirement benefit obligations

The Group operates defined contribution pension plans for the benefit of employees. The Group makes contributions to independently administered plans, such contributions being recognised as an expense when they fall due. The assets of the schemes are held separately from those of the Group in independently administered funds.

The Group is not exposed to the particular risks associated with the operation of Defined Benefit plans and has no legal or constructive obligation to make any further payments to the plans other than the contributions due.

The pension cost charge represents contributions payable by the Group to the funds and amounted to £375,845 (2016: £479,206).

10. Property, plant and equipment – Group

All property, plant and equipment assets are stated at cost less accumulated depreciation. Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight-line basis over the estimated useful life:

- *Leasehold improvements – period from lease commencement to the earlier of the lease termination date and the next rent review date*
- *Computer equipment – 2 to 5 years*
- *Fixtures and fittings – 4 to 6 years*

Residual values, remaining useful economic lives and depreciation methods are reviewed annually and adjusted if appropriate. Gains or losses on disposal are included in profit or loss.

The Group's property, plant and equipment comprise leasehold improvements, computer equipment and fixtures and fittings. The carrying amount can be analysed as follows:

2017	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2016	534	542	244	**1,320**
Additions	635	106	158	**899**
Disposals	(534)	(106)	(98)	**(738)**
At 31 March 2017	**635**	**542**	**304**	**1,481**
Depreciation				
At 1 April 2016	534	483	222	**1,239**
Charge for the year	36	46	17	**99**
Disposals	(534)	(106)	(98)	**(738)**
At 31 March 2017	**36**	**423**	**141**	**600**
Net book amounts				
At 31 March 2017	**599**	**119**	**163**	**881**
At 1 April 2016	-	59	22	**81**

2016	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2015	534	624	304	**1,462**
Additions	-	24	5	**29**
Disposals	-	(106)	(65)	**(171)**
At 31 March 2016	**534**	**542**	**244**	**1,320**
Depreciation				
At 1 April 2015	534	522	277	**1,333**
Charge for the year	-	67	10	**77**
Disposals	-	(106)	(65)	**(171)**
At 31 March 2016	**534**	**483**	**222**	**1,239**
Net book amounts				
At 31 March 2016	**-**	**59**	**22**	**81**
At 1 April 2015	-	102	27	**129**

11. Intangible assets

Intangible assets are shown at historical cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Amortisation is included within operating expenses in the statement of comprehensive income. Intangible assets are amortised from the date they are available for use. Useful lives are as follows:

- *Software – 2 to 5 years*

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

The Group's intangible assets comprises both purchased software and the capitalised cost of software development. The carrying amounts can be analysed as follows:

2017	Software £'000	Total £'000
Cost		
At 1 April 2016	1,189	1,189
Additions	189	189
Disposals	-	-
At 31 March 2017	**1,378**	**1,378**
Amortisation		
At 1 April 2016	890	890
Charge for the year	243	243
Disposals	-	-
At 31 March 2017	**1,133**	**1,133**
Net book amounts		
At 31 March 2017	**245**	**245**
At 1 April 2016	299	299

2016	Software £'000	Total £'000
Cost		
At 1 April 2015	1,150	1,150
Additions	39	39
Disposals	-	-
At 31 March 2016	**1,189**	**1,189**
Amortisation		
At 1 April 2015	646	646
Charge for the year	244	244
Disposals	-	-
At 31 March 2016	**890**	**890**
Net book amounts		
At 31 March 2016	**299**	**299**
At 1 April 2015	504	504

Intangible assets includes the capitalised development costs of the Group's middle and back office system which was completed in June 2012 and has an estimated useful economic life of five years. The annual contractual commitment for the maintenance and support of software is £174,941 (2016: £138,112). All amortisation charges are included within administrative expenses.

12. Investments

Company

Investments in subsidiaries are shown at cost less impairment losses. The capitalised investment in respect of share -based payments offered by subsidiaries is equal to the cumulative fair value of the amounts payable to employees recognised as an expense by the subsidiary. Investments in funds are measured at fair value through profit or loss.

	2017 £'000	2016 £'000
Investment in subsidiaries (at cost)		
Record Currency Management Limited	10	10
Record Group Services Limited	10	10
Record Portfolio Management Limited	10	10
Record Currency Management (US) Inc.	-	-
Record Fund Management Limited	-	-
N P Record Trustees Limited	-	-
Total investment in subsidiaries (at cost)	**30**	**30**
Capitalised investment in respect of share-based payments		
Record Currency Management (US) Inc.	68	79
Record Group Services Limited	789	578
Total capitalised investment in respect of share-based payments	**857**	**657**
Total investment in subsidiaries	**887**	**687**

Particulars of subsidiary undertakings

Name	Nature of business
Record Currency Management Limited	Currency management services (FCA registered)
Record Group Services Limited	Management services to other Group undertakings
Record Portfolio Management Limited	Dormant
Record Currency Management (US) Inc.	US advisory and service company (SEC and CFTC registered)
Record Fund Management Limited	Dormant
N P Record Trustees Limited	Dormant trust company

The Group's interest in the equity capital of subsidiary undertakings is 100% of the ordinary share capital in all cases. Record Currency Management (US) Inc. is incorporated in Delaware (registered office: Corporation Service Company, 2711 Centerville Road, Wilmington, DE 19808), and all other subsidiaries are registered in England and Wales with their registered office at Morgan House, Madeira Walk, Windsor, Berkshire, SL4 1EP, UK.

Investment in funds

In addition to the subsidiaries listed above, funds are consolidated where the Group has determined that a controlling interest exists through an investment holding in the fund, in accordance with IFRS 10 Consolidated Financial Statements. These funds are seed investments, which have various investment objectives and policies and are subject to the terms and conditions of their offering documentation. The principal activity of each is to invest capital from investors in a portfolio of assets in order to provide a return for those investors.

The Group has controlled both the Record Currency – Emerging Market Currency Fund and the Record Currency – Strategy Development Fund throughout the year ended 31 March 2017 and the comparative period, the year ended 31 March 2016, and both were consolidated in full, on a line-by-line basis in the Group's financial statements throughout these periods.

The Group was not in control of the Record Currency – FTSE FRB10 Index Fund as at 1 April 2015, at which point the Group did not consolidate the fund on a line-by-line basis, but the Group did regain control of the fund on 1 September 2015 and has consolidated it in full on a line-by-line basis since that date.

In May 2013, the Company invested in the Record Currency – Global Alpha Fund which changed its name to Record Currency – Strategy Development Fund in November 2015. The Group has controlled this fund since inception, and the fund is consolidated in full on a line-by-line basis.

All three fund investments are presented within investments in the Company statement of financial position.

Investment in funds	2017 £'000	2016 £'000
Record Currency – FTSE FRB10 Index Fund	1,146	1,060
Record Currency – Emerging Market Currency Fund	1,104	1,000
Record Currency – Strategy Development Fund (formerly Global Alpha Fund)	1,060	919
Total	**3,310**	**2,979**

All three fund entities are sub-funds of the Record Umbrella Fund, an open-ended umbrella unit trust authorised in Ireland.

13. Deferred taxation – Group

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

A deferred tax liability is generally recognised for all taxable temporary differences.

Deferred tax assets or liabilities arising on goodwill are not recognised but are however recognised on separately identifiable intangible assets. Deferred tax arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss, is not recognised.

	2017 £'000	2016 £'000
Credit/(charge) to income statement in period	59	(30)
Asset brought forward	43	73
Asset carried forward	**102**	**43**

The deferred tax asset consists of the tax effect of temporary differences in respect of:

	2017 £'000	2016 £'000
Deferred tax allowance on unvested share options	191	10
Shortfall of taxation allowances over depreciation on fixed assets	(89)	33
Total	**102**	**43**

At the year end the Group had deferred tax assets of £101,606 (2016: £42,850). At the year end there were share options not exercised with an intrinsic value for tax purposes of £1,006,095 (2016: £47,742). On exercise the Group will be entitled to a corporation tax deduction in respect of the difference between the exercise price and the strike price. There is no unprovided deferred taxation.

14. Trade and other receivables

Trade and other receivables are stated at their original invoice value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. Individual receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables is presented within administrative expenses.

An analysis of the Group's receivables is provided below:

	2017 £'000	2016 £'000
Trade receivables	5,937	4,027
Accrued income	85	1,055
Other receivables	29	25
Prepayments	921	588
Total	**6,972**	**5,695**

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. All of the Group's trade and other receivables have been reviewed for indicators of impairment; no such indicators were noted. The Group has not renegotiated the terms of any receivables in the year ended 31 March 2017. The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is £nil (2016: £nil).

15. Derivative financial assets and liabilities

Derivative financial instruments are initially recognised at cost on the date on which the contract is first entered into unless the fair value at acquisition is different to cost, in which case fair value is recognised. Subsequently they are measured at fair value with gains and losses recognised in profit or loss. Transaction costs are immediately recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions.

The Group holds derivative financial instruments for two purposes. The Group uses forward foreign exchange contracts to reduce the risk associated with sales denominated in foreign currencies, and additionally uses both foreign exchange options and forward foreign exchange contracts in order to achieve a return within the seed funds. The instruments are recognised at fair value. The fair value of the contracts is calculated using the market rates prevailing at the period end date. The net gain or loss on instruments is included within revenue.

Derivative financial assets	2017 £'000	2016 £'000
Forward foreign exchange contracts held to hedge cash flow	18	-
Forward foreign exchange contracts held for trading	35	106
Total	**53**	**106**

Derivative financial liabilities	2017 £'000	2016 £'000
Forward foreign exchange contracts held to hedge cash flow	(5)	(108)
Forward foreign exchange contracts held for trading	(43)	-
Total	**(48)**	**(108)**

Derivative financial instruments held to hedge cash flow

At 31 March 2017 there were outstanding contracts with a principal value of £7,786,158 (31 March 2016: £5,996,550) for the sale of foreign currencies in the normal course of business. The fair value of the contracts is calculated using the market forward contract rates prevailing at 31 March 2017. The Group does not apply hedge accounting.

The net gain or loss on forward foreign exchange contracts held to hedge cash flow is as follows:

Derivative financial instruments held to hedge cash flow	2017 £'000	2016 £'000
Net loss on forward foreign exchange contracts at fair value through profit or loss	(506)	(315)

Derivative financial instruments held for trading

The Record Currency – FTSE FRB10 Index Fund and the Record Currency – Emerging Market Currency Fund, use forward foreign exchange contracts in order to achieve a return. The Record Currency – Strategy Development Fund may use a variety of instruments including forward foreign exchange contracts, options and futures in order to achieve a return.

All derivative financial instruments held by the Record Currency – Strategy Development Fund (formerly the Global Alpha Fund) and the Record Currency – Emerging Market Currency Fund were classified as held for trading throughout the period. The derivative financial instruments held by the Record Currency – FTSE FRB10 Index Fund were classified as held for trading from 1 September 2015 when the fund was consolidated into the Group financial statements.

At 31 March 2017 there were outstanding contracts with a principal value of £16,085,621 (31 March 2016: £14,621,185).

The net gain or loss on derivative financial instruments held for trading for the year was as follows:

Derivative financial instruments held for trading	2017 £'000	2016 £'000
Net gain/(loss) on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	612	(178)

16. Cash management

The Group's cash management strategy employs a variety of treasury management instruments including cash, money market deposits and treasury bills. Whilst the Group manages and considers all of these instruments as cash, which are subject to its own internal cash management process, not all of these instruments are classified as cash or cash equivalents under IFRS.

IFRS defines cash and cash equivalents as cash in hand, on demand and collateral deposits held with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Moreover, instruments can only generally be classified as cash and cash equivalents where they are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

In the Group's judgement, bank deposits and treasury bills with maturities in excess of 3 months do not meet the definition of short-term or highly liquid and are held for purposes other than meeting short-term commitments. In accordance with IFRS, these instruments are not categorised as cash or cash equivalents and are disclosed as money market instruments with maturities >3 months.

Assets managed as cash	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank deposits with maturities > 3 months	15,203	11,518	-	-
Treasury bills with maturities > 3 months	2,899	1,502	-	-
Money market instruments with maturities > 3 months	**18,102**	**13,020**	**-**	**-**
Cash	7,457	5,439	2	2
Bank deposits with maturities <= 3 months	11,663	16,281	-	-
Cash and cash equivalents	**19,120**	**21,720**	**2**	**2**
Total assets managed as cash	**37,222**	**34,740**	**2**	**2**

Cash and cash equivalents	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash and cash equivalents – sterling	14,174	16,641	2	2
Cash and cash equivalents – USD	1,026	1,941	-	-
Cash and cash equivalents – CHF	3,846	3,067	-	-
Cash and cash equivalents – other currencies	74	71	-	-
Total cash and cash equivalents	**19,120**	**21,720**	**2**	**2**

The Group cash and cash equivalents balance incorporates the cash held by any fund deemed to be under control of Record plc (refer to note 12 for explanation of accounting treatment). As at 31 March 2017, the cash and cash equivalents held by the seed funds over which the Group had control totalled £5,140,828 (31 March 2016: £5,380,007) and the money market instruments with maturities > 3 months held by these funds were £2,899,233 (31 March 2016: £1,502,326).

17. Current liabilities

Trade and other payables are stated at their original invoice value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

Trade and other payables

	Group		Company	
	2017 £'000	**2016 £'000**	**2017 £'000**	**2016 £'000**
Trade payables	418	171	-	-
Amounts owed to Group undertakings	-	-	11	11
Other payables	82	2	-	-
Other tax and social security	324	248	-	-
Accruals	2,189	1,951	-	-
Total	**3,013**	**2,372**	**11**	**11**

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Current tax liabilities

	Group		Company	
	2017 £'000	**2016 £'000**	**2017 £'000**	**2016 £'000**
Corporation tax	804	776	67	-

18. Called up share capital

The share capital of Record plc consists only of fully paid ordinary shares with a par value of 0.025p each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

	2017		2016	
	£'000	**Number**	**£'000**	**Number**
Authorised				
Ordinary shares of 0.025p each	100	400,000,000	100	400,000,000
Called up, allotted and fully paid				
Ordinary shares of 0.025p each	55	221,380,800	55	221,380,800

Movement in Record plc shares held by the Record plc Employee Benefit Trust ("EBT")

The EBT was formed to hold shares acquired under the Record plc share-based compensation plans. Under IFRS the EBT is considered to be under de facto control of the Group, and has therefore been consolidated into the Group financial statements.

Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group statement of comprehensive income.

	Number
Record plc shares held by EBT as at 31 March 2015	**3,848,062**
Adjustment for net purchases by EBT	1,094,186
Record plc shares held by EBT as at 31 March 2016	**4,942,248**
Adjustment for net sales by EBT	(1,323,253)
Record plc shares held by EBT as at 31 March 2017	**3,618,995**

The holding of the EBT comprises own shares that have not vested unconditionally to employees of the Group. Own shares are recorded at cost and are deducted from retained earnings.

Further information regarding the Record plc share-based compensation plans and relevant transactions made during the year is included in note 19.

19. Share‑based payments

During the year ended 31 March 2017 the Group has managed the following share‑based compensation plans:

a) The Group Profit Share Scheme: share awards issued under the Group Profit Share Scheme are classified as share‑based payments with cash alternatives under IFRS 2.

b) The Record plc Share Scheme: share options issued under the Record plc Share Scheme are classified as equity ‑settled share‑based payments under IFRS 2.

c) The Record plc Share Incentive Plan: the Group operates the Record plc Share Incentive Plan ("SIP") to encourage more widespread ownership of Record plc shares by employees. The SIP is a tax‑approved scheme offering attractive tax savings for employees retaining their shares in the scheme over the medium to long term.

All obligations arising from the three schemes are fulfilled through purchasing shares in the market.

a. Group Profit Share Scheme

Share‑based payments with cash alternatives

These transactions are compound financial instruments, which include a debt element and an equity element. The fair value of the debt component of the amounts payable to the employee is calculated as the cash amount alternative offered to the employee at grant date and the fair value of the equity component of the amounts payable to the employee is calculated as the market value of the share award at grant date less the cash forfeited in order to receive the share award. The debt component is charged to profit or loss over the period in which the award is earned and remeasured at fair value at each reporting date. The equity component is charged to profit or loss over the period in which the award is earned.

The Group Profit Share Scheme allocates a proportion of operating profits to a profit share pool to be distributed between all employees of the Group. The Remuneration Committee has the discretion to vary the proportion awarded to the profit share pool between 25% and 35% of operating profits, with the intention of maintaining an average level of 30% of operating profits over the medium term. Directors and senior employees receive one third of their profit share in cash, one third in shares ("Earned Shares") and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares. The charge to profit or loss in respect of Earned Shares in the period was £733,858 (2016: £631,252). Other employees receive two thirds of their profit share in cash and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares.

If an individual elects to receive Additional Shares, the Group simultaneously awards a Matching Share value amount using a multiple decided by the Remuneration Committee. The multiple is dependent on the level of seniority of the employee. The number of shares is determined by the post‑tax cash attributed to Earned Shares plus Additional Shares plus Matching Shares divided by the aggregate market value achieved on the purchase of all such shares in the market. The charge to profit or loss in respect of Matching Shares in the period was £292,525 (2016: £262,426). Shares awarded under the Profit Share Scheme do not include any vesting restrictions but rather restrictions over subsequent sale and transfer. All shares which are the subject of share awards vest immediately and are transferred to a nominee allowing the individual to retain full rights in respect of the shares purchased. These shares cannot be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee except as follows:

- Earned Shares – one third on each anniversary of the Profit Share Payment date; and
- Additional or Matching Shares – the third anniversary of the Profit Share Payment date for Directors and senior employees and the second anniversary of the Profit Share Payment date for all other employees.

The Group Profit Share Scheme rules contain clawback provisions allowing for the repayment of profit share payments under certain circumstances including a material breach of contract, an error in performance of duties or a restatement of accounts which leads to a change in any prior award under the scheme.

Shares awarded under this scheme are purchased in the market.

b. The Record plc Share Scheme

Equity‑settled share‑based payments

The fair value of the amounts payable to employees under these awards is recognised as an expense over the vesting period of the award, with a corresponding increase in equity. All such awards made by the Group involve the parent company granting rights to its equity instruments to employees of its subsidiary. Consequently the subsidiary measures the services received from its employees in accordance with the above classification under IFRS 2 and recognises a corresponding increase in equity as a contribution from the parent. The parent has the obligation to settle the transaction with the subsidiary's employees and therefore recognises an increase in its investment in the subsidiary and a corresponding increase in equity.

The fair value of options granted is measured at grant date using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted. The fair value amounts for the options issued since flotation were determined using quoted share prices.

The Record plc Share Scheme allows deferred share awards to be granted to employees and directors in the Record Group. Part 1 of the Record plc Share Scheme allows the grant of Unapproved Options to employees and directors and Part 2 allows the grant of HMRC Approved Options to employees and directors. Each participant may be granted Approved Options over shares with a total market value of up to £30,000 on the date of grant. There is no such limit on the value of grant for Unapproved Options, which have recently been granted with a market value exercise price in the same way as for the Approved Options.

Options over an aggregate of 4,197,521 shares were granted under the Share Scheme during the year (2016: 4,402,249), of which 3,790,000 were made subject to Unapproved Options and 407,521 to Approved Options

(2016: 3,197,500 made subject to Unapproved Options and 1,204,749 to Approved Options). All options were granted with an exercise price per share equal to the share price prevailing at the time of grant.

The 328,574 Approved Options issued on 30 November 2016 each become exercisable on the fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 1,590,000 Unapproved Options issued on 30 November 2016 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 2,200,000 Unapproved Options issued on 30 November 2016 each become exercisable in three equal tranches on the third, fourth and fifth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent personal performance conditions have been satisfied.

The 78,947 Approved Options issued on 31 January 2017 each become exercisable on the fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The fair value of the services provided by employees has been calculated indirectly by reference to the fair value of the equity instruments granted. Fair value amounts for the options granted in the year ended 31 March 2017 were determined using a Black Scholes option-pricing method and the following assumptions:

Model input	**Weighted average value**
Share price	34.1p
Exercise price	34.1p
Expected volatility	60%
Option life	2.3 years
Risk-free interest rate (%)	0.73%

Expected volatility is based on historical volatility.

The Group share‑based payment expense in respect of the Share Scheme was £200,220 for the year ended 31 March 2017 (2016: £240,067).

Outstanding share options

At 31 March 2017, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 13,656,564 (2016: 13,369,249). These deferred share awards and options are over issued shares, a proportion of which are hedged by shares held in an Employee Benefit Trust. Details of outstanding share options and deferred shares awarded to employees are set out below:

Date of grant	At 1 April 2016	Granted	Exercised	Lapsed / forfeited	At 31 March 2017	Earliest vesting date	Latest vesting date[1]	Exercise price
08/08/11	75,000	-	-	(75,000)	-	08/08/13	08/08/15	£0.3225
02/12/11	200,000	-	(200,000)	-	-	02/12/15	02/12/15	£0.1440
18/12/12	1,440,000	-	-	(1,440,000)	-	18/12/16	18/12/16	£0.3098
18/12/12	102,500	-	(51,250)	(51,250)	-	18/12/13	18/12/16	£0.3098
27/09/13	480,000	-	-	-	480,000	27/09/17	27/09/17	£0.3085
27/09/13	982,500	-	(321,250)	(333,750)	327,500	27/09/14	27/09/17	£0.3085
18/11/13	1,400,000	-	(233,333)	(233,333)	933,334	18/11/16	18/11/18	£0.3000
26/11/14	2,160,000	-	-	-	2,160,000	26/11/17	26/11/19	£0.3586
24/03/15	320,000	-	-	(50,000)	270,000	24/03/19	24/03/19	£0.3450
24/03/15	1,847,000	-	(452,375)	(9,375)	1,385,250	24/03/16	24/03/19	£0.3450
01/12/15	1,800,000	-	-	-	1,800,000	01/12/18	01/12/20	£0.2888
27/01/16	1,325,000	-	(331,250)	-	993,750	27/01/17	27/01/20	£0.2450
27/01/16	837,249	-	-	(128,040)	709,209	27/01/20	27/01/20	£0.2450
27/01/16	327,500	-	-	-	327,500	27/01/19	27/01/21	£0.2450
27/01/16	72,500	-	-	-	72,500	27/01/19	27/01/21	£0.2450
30/11/16	-	328,574	-	-	328,574	30/11/20	30/11/20	£0.34072
30/11/16	-	1,590,000	-	-	1,590,000	30/11/17	30/11/20	£0.34072
30/11/16	-	2,200,000	-	-	2,200,000	30/11/19	30/11/21	£0.34072
31/01/17	-	78,947	-	-	78,947	31/01/21	31/01/21	£0.38000
Total options	**13,369,249**	**4,197,521**	**(1,589,458)**	**(2,320,748)**	**13,656,564**			
Weighted average exercise price of options	£0.30	£0.34	£0.28	£0.31	£0.32			

During the year 1,589,458 options were exercised. The weighted average share price at date of exercise was £0.37. At 31 March 2017 a total of 461,750 options had vested and were exercisable.

[1] Under the terms of the deeds of grants, options are exercisable for a year following the vesting date.

The Directors' interests in the combined share schemes are as follows:

	Ordinary shares held as at	
	31 March 2017	**31 March 2016**
Record plc Group Profit Share Scheme (interest in restricted share awards)		
James Wood-Collins	573,568	783,651
Leslie Hill	759,618	542,301
Bob Noyen	374,641	343,548
Steve Cullen	380,429	270,824
Record plc Share Scheme (interest in unvested share options)		
James Wood-Collins	2,663,334	2,580,000
Leslie Hill	1,730,000	1,180,000
Bob Noyen	1,730,000	1,180,000
Steve Cullen	1,370,000	895,000

Performance measures

Performance conditions attached to all options granted to Board Directors differ to those granted for all other staff. All Executive Director option awards are subject to a performance condition and vest on each of the third, fourth and fifth anniversaries of the date of grant subject to an earnings per share ("EPS") hurdle linked to the annualised EPS growth for the respective three, four and five year periods from grant. Vesting is on a stepped basis, with 25% of each tranche vesting if EPS growth over the relevant period is at least RPI plus 4% per annum, increasing through 50%, 75% and with 100% vesting if EPS growth exceeds RPI plus 13%, as shown in the table below. Options awarded subject to EPS performance conditions are valued using a Black – Scholes model.

Record's average EPS growth	**Percentage of shares subject to the award which vest**
>RPI growth + 13%	100%
>RPI growth + 10%, = <RPI + 13%	75%
>RPI growth + 7%, = <RPI + 10%	50%
>RPI growth + 4%, = <RPI + 7%	25%
=<RPI growth + 4%	0%

Approved options issued to all other staff are subject to performance measures linked to the Group's total shareholder return ("TSR") and vest on the fourth anniversary of the date of grant, subject to these measures. At vesting date, a percentage of the total options granted may vest based upon Record's TSR performance versus the median TSR performance as measured against the FTSE 350 General Financial – Price Index. Options awarded subject to TSR performance conditions are valued using a Black – Scholes model. The performance target table is given below:

Percentage by which Record's TSR is below the median TSR performance of the Index	**Percentage of shares subject to the award which vest**
Equal to or above the median TSR performance	100%
Equal to or above 75% of the median TSR performance	75%
Equal to or above 50% of the median TSR performance	50%
Below 50% of the median TSR performance	0%

Unapproved options issued to all other staff vest in four equal tranches on the first, second, third and fourth anniversaries of the date of grant, subject to the employee being employed with the Group at the relevant vesting date and to the extent personal performance conditions have been satisfied.

Clawback provisions

In addition to the performance measures above, both Approved and Unapproved Options granted to Executive Directors under the Share Scheme are subject to clawback provisions. These provisions allow the Remuneration

Committee to adjust the number of shares that may be, or were, acquired to be decreased if the committee considers that either a material breach of contract has arisen or in respect of retrospective amendments required to calculations of the Group's performance upon which vesting calculations were originally based. The clawback provisions allow the Group to take various steps until the clawback obligation is satisfied, including reduction of future share option awards, transfer of shares back to the Group for nil consideration, reduction of future payments under the Group Profit Share Scheme or payment of sales proceeds back to the Group.

c. The Record plc Share Incentive Plan

The Group operates the Record plc Share Incentive Plan ("SIP"), to encourage more widespread ownership of Record plc shares by employees. The SIP is a tax-approved scheme offering attractive tax savings for employees retaining their shares in the scheme over the medium to long term.

As an incentive to employees, the Group matches every two shares bought by employees with a free matching share. During the year, the Group awarded 49,264 free shares (2016: 49,223 free shares) to employees. The expense charged in respect of the SIP was £14,838 in the year ended 31 March 2017 (2016: £14,690).

20. Non-controlling interest

Record plc has made investments in a number of funds where it is in a position to be able to control those funds by virtue of the size of its own holding plus those of any related party. Non-controlling interests occur when Record plc is not the only investor in the fund. The non-controlling interest is measured at cost plus movement in value of the third party investment in the fund.

Record has seeded three funds which have been active during the year ended 31 March 2017.

The Record Currency – Emerging Market Currency Fund was considered to be under control of the Group as the combined holding of Record plc and its Directors constituted a majority interest throughout the period. Similarly, the Record Currency – Strategy Development Fund is considered to be under control of the Group as the combined holding of Record plc and its Directors has constituted a majority interest since inception. The Record Currency – Strategy Development Fund was known as the Record Currency – Global Alpha Fund until it was renamed on 26 November 2015.

The Record Currency – FTSE FRB10 Index Fund was considered to be under control of the Group on 31 March 2017, but it was not under the control of the Group during the period from 28 February 2014 to 31 August 2015, when the amount of external investment meant that Record did not hold a majority interest.

The mark to market value of units held by investors in these funds other than Record plc are shown as non-controlling interests in the Group financial statements, in accordance with IFRS. There were no other non-controlling interests in the Group financial statements.

Relative holding of investors other than Record plc in seeded funds consolidated into the accounts of the Record Group	**2017**	**2016**
Record Currency – Emerging Market Currency Fund		
Board Directors	38%	61%
Other investors	42%	17%
Total non-controlling interest	**80%**	**78%**
Record Currency – Strategy Development Fund (formerly Global Alpha Fund)		
Board Directors	-%	-%
Other investors	-%	-%
Total non-controlling interest	**-%**	**-%**
Record Currency – FRB10 Index Fund		
Board Directors	-%	-%
Other investors	29%	29%
Total non-controlling interest	**29%**	**29%**

Summarised financial information for Record Currency – Emerging Market Currency Fund, before intra-group eliminations, is set out below:

	2017 £'000	2016 £'000
Total assets	5,514	**4,668**
Total liabilities	(102)	**(85)**
Net assets	**5,412**	**4,583**
Equity attributable to owners of the parent	1,104	**1,000**
Non-controlling interests	4,308	**3,583**
Equity	**5,412**	**4,583**
Profit/(loss) and total comprehensive income/(loss) for the year attributable to owners of the parent	104	**(27)**
Profit/(loss) and total comprehensive income/(loss) for the year attributable to the non-controlling interest	364	**(76)**
Profit/(loss) and total comprehensive income/(loss) for the year	**468**	**(103)**
Cash inflow	**(584)**	**360**

Summarised financial information for Record Currency – Strategy Development Fund (formerly Global Alpha Fund), before intragroup eliminations, is set out below:

	2017 £'000	2016 £'000
Total assets	**1,063**	**921**
Total liabilities	**(3)**	**(2)**
Net assets	**1,060**	**919**
Equity attributable to owners of the parent	**1,060**	**919**
Non-controlling interests	**-**	**-**
Equity	**1,060**	**919**
Profit/(loss) and total comprehensive income/(loss) for the year attributable to owners of the parent	**4**	**(66)**
Loss and total comprehensive loss for the year attributable to the non-controlling interest	**-**	**(88)**
Profit/(loss) and total comprehensive income/(loss) for the year	**4**	**(154)**
Cash inflow	**123**	**113**

Summarised financial information for Record Currency — FTSE FRB10 Index Fund, before intragroup eliminations, is set out below:

	2017 £'000	2016 £'000
Total assets	**1,650**	**1,520**
Total liabilities	**(33)**	**(24)**
Net assets	**1,617**	**1,496**
Equity attributable to owners of the parent	**1,146**	**1,060**
Non-controlling interests	**471**	**436**
Equity	**1,617**	**1,496**
Profit/(loss) and total comprehensive income/(loss) for the year attributable to owners of the parent	**86**	**(45)**
Profit and total comprehensive income attributable to non-controlling interest since 1 September 2015	**35**	**18**
Profit/(loss) and total comprehensive income/(loss) for the year	**121**	**(27)**
Cash inflow	**222**	**987**

Mark to market value of external holding in seed funds consolidated into the accounts of the Record Group	**2017** **£'000**	**2016** **£'000**
Record Currency – Emerging Market Currency Fund	4,308	3,583
Record Currency – FTSE FRB10 Index Fund	471	436
Record Currency – Strategy Development Fund (formerly Global Alpha Fund)	-	-
	4,779	**4,019**

21. Financial risk management

The Group's current activities result in the following financial risks and management responses to those risks in order to minimise any resulting adverse effects on the Group's financial performance.

Objectives, policies and processes for managing risk and the methods used to measure the risk

Financial assets principally comprise trade receivables, other receivables, money market instruments, cash and cash equivalents and derivative financial assets. Financial liabilities comprise trade and other payables and derivative financial liabilities. The main risks arising from financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk, each of which is discussed in further detail below.

The Group monitors and mitigates financial risk on a consolidated basis. The Group has implemented a framework to manage the risks of its business and to ensure that the Directors have in place risk management practices appropriate to a listed company. The management of risk is directed by the Board and reviewed by the Audit and Risk Committee.

The Company's material financial instruments are investments in the seed funds, and balances due to/from Group undertakings. Intercompany balances are classified as loans and receivables and are repayable on demand. No interest is charged on these balances. The Group has sufficient cash resources and hence management does not believe that the Company has a material exposure to credit risk. The Company's financial risk is managed as part of the Group financial risk management process and therefore separate disclosures for the Company have not been provided.

Credit risk

The Group has established a cash management team to manage Group cash in accordance with an approved cash management policy. The policy stipulates exposure limits by instruments, counterparty, tenor and duration. Counterparty exposures are measured against ratings published by credit-rating agencies and are monitored daily. The maximum single exposure to any counterparty under the policy is 20% of total assets managed as cash.

The primary objective of the cash management team is to diversify and manage counterparty risk within the risk appetite of the Group and the limits set by the policy. The secondary objective is to maintain yield given the constraints under the policy whilst ensuring sufficient liquidity to meet future cash flow commitments as instructed by the finance team.

The Chief Financial Officer is responsible for reviewing the Group's credit exposure and ensuring that any credit concerns are raised to the Risk Management Committee and that action is taken to mitigate these risks.

The Group's maximum exposure to credit risk is as follows:

Financial assets at 31 March	2017 £'000	2016 £'000
Trade receivables	5,937	4,027
Accrued income	85	1,055
Other receivables	29	25
Other financial assets at fair value through profit or loss	53	106
Money market instruments with maturities > 3 months	18,102	13,020
Cash and cash equivalents	19,120	21,720
	43,326	**39,953**

The debtors' age analysis is also evaluated on a regular basis for potential doubtful debts. It is management's opinion that no provision for doubtful debts is required. The table below is an analysis of trade receivables and accrued income by due date:

At 31 March 2017	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	5,937	5,790	147	-
Accrued income	85	85	-	-
	6,022	**5,875**	**147**	**-**
		98%	**2%**	**0%**

At 31 March 2016	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	4,027	3,912	115	-
Accrued income	1,055	1,055	-	-
	5,082	**4,967**	**115**	**-**
		98%	**2%**	**0%**

The Group offers standard credit terms of 30 days from invoice date. It is the Group's policy to assess debtors for recoverability on an individual basis and to make a provision where it is considered necessary. In assessing recoverability the Group takes into account any indicators of impairment up to the reporting date. The application of this policy generally results in debts that are 0-3 months overdue not being provided for unless individual circumstances indicate that a debt is impaired.

Trade receivables are made up of 54 debtors' balances (2016: 51). The largest individual debtor corresponds to 16% of the total balance (2016: 15%). Debtor days, based on the generally accepted calculation of debtor days, is 91 days (2016: 70 days). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2017 2.4% of debt was overdue (2016: 2%). No debtors' balances have been renegotiated during the year or in the prior year.

Liquidity risk

The Group is exposed to liquidity risk, namely that it may be unable to meet its payment obligations as they fall due. The Group maintains sufficient cash and marketable securities to be able to meet all such obligations. Management review cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet the future working capital requirements and to take advantage of business opportunities. The average creditor payment period is 33 days (2016: 14 days).

Contractual maturity analysis for financial liabilities:

At 31 March 2017	Carrying amount £'000	Due or due in less than 1 month £'000	Due between 1 and 3 months £'000	Due between 3 months and 1 year £'000
Trade payables	418	272	27	119
Accruals	2,189	90	1,027	1,072
Derivative financial liabilities	48	45	3	-

At 31 March 2016	Carrying amount £'000	Due or due in less than 1 month £'000	Due between 1 and 3 months £'000	Due between 3 months and 1 year £'000
Trade payables	171	107	14	50
Accruals	1,951	180	1,017	754
Derivative financial liabilities	108	38	70	-

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest-bearing financial assets and liabilities held by the Group. Interest-bearing assets comprise money market instruments and cash and cash equivalents which are considered to be short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and the Group does not therefore incur interest on overdue balances.

A sensitivity analysis has not been disclosed for the impact of interest rate changes as any reasonable range of change in interest rate would not directly have a material impact on profit or equity.

Interest rate profiles

At 31 March 2017	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Trade receivables	-	-	5,937	5,937
Accrued income	-	-	85	85
Other receivables	-	-	29	29
Derivative financial assets at fair value through profit or loss	-	-	53	53
Money market instruments with maturities > 3 months	18,102	-	-	18,102
Cash and cash equivalents	11,663	7,457	-	19,120
Total financial assets	**29,765**	**7,457**	**6,104**	**43,326**
Financial liabilities				
Trade payables	-	-	(418)	(418)
Accruals	-	-	(2,189)	(2,189)
Derivative financial liabilities at fair value through profit or loss	-	-	(48)	(48)
Total financial liabilities	**-**	**-**	**(2,655)**	**(2,655)**

At 31 March 2016	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Trade receivables	-	-	4,027	4,027
Accrued income	-	-	1,055	1,055
Other receivables	-	-	25	25
Derivative financial assets at fair value through profit or loss	-	-	106	106
Money market instruments with maturities > 3 months	13,020	-	-	13,020
Cash and cash equivalents	16,281	5,439	-	21,720
Total financial assets	**29,301**	**5,439**	**5,213**	**39,953**
Financial liabilities				
Trade payables	-	-	(171)	(171)
Accruals	-	-	(1,951)	(1,951)
Derivative financial liabilities at fair value through profit or loss	-	-	(108)	(108)
Total financial liabilities	**-**	**-**	**(2,230)**	**(2,230)**

Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group makes use of forward foreign exchange contracts to manage the risk relating to future transactions in accordance with the Group's risk management policy.

The Group is exposed to foreign currency risk on sales and cash holdings that are denominated in a currency other than sterling, and also on assets and liabilities held by the Record Currency – Strategy Development Fund (formerly Global Alpha Fund). The principal currencies giving rise to this risk are the US dollar, the Swiss franc, the euro and the Canadian dollar.

During the year ended 31 March 2017, the Group invoiced the following amounts in currencies other than sterling:

	Local currency value '000	Value in reporting currency £'000
Swiss franc (CHF)	14,083	11,021
US dollar (USD)	8,046	6,297
Euro (EUR)	2,055	1,750
Canadian dollar (CAD)	660	390
Swedish Krona (SEK)	482	43
Singapore dollar (SGD)	36	20
		19,521

The value of revenues for the year ended 31 March 2017 that were denominated in currencies other than sterling was £19.5 million (31 March 2016: £16.7 million).

Record's policy is to reduce the risk associated with the Group's sales denominated in foreign currencies by using forward fixed rate currency sales contracts, taking into account any forecast foreign currency cash flows.

The settlement of these forward foreign exchange contracts is expected to occur within the following three months. Changes in the fair values of forward foreign exchange contracts are recognised directly in profit or loss.

Of the cash denominated in currencies other than sterling (refer to note 16), only the cash holdings of the Record Currency – Strategy Development Fund (totalling £1,042,229) are not covered by the Group's hedging process, therefore the Directors consider that the foreign currency risk on cash balances is not material.

The Group is exposed to foreign currency risk on all the assets and liabilities held by the Record Currency – Strategy Development Fund, which are consolidated into the Group financial statements. The impact of the valuation of the net assets of this seed fund is incorporated into the analysis of sensitivity to the sterling / US dollar rate below.

Foreign currency risk – sensitivity analysis

The Group has considered the sensitivity to exchange rate movements by considering the impact on those revenues, costs, assets and liabilities denominated in foreign currencies as experienced in the given period.

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
10% weakening in the £/$ exchange rate	673	653	673	653
10% strengthening in the £/$ exchange rate	(673)	(653)	(673)	(653)
10% weakening in the £/CHF exchange rate	682	583	682	583
10% strengthening in the £/CHF exchange rate	(682)	(583)	(682)	(583)

Sterling/US dollar exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis and market expectations for future movement. When applied to the average sterling/USD exchange rate of $1.30/£ this would result in a weakened exchange rate of $1.19/£ and a strengthened exchange rate of $1.44/£.

Sterling/Swiss franc exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis and market expectations for future movement. When applied to the average sterling/CHF exchange rate of CHF1.29/£ this would result in a weakened exchange rate of CHF1.17/£ and a strengthened exchange rate of CHF1.43/£.

Sensitivity analyses have not been disclosed for other currencies as any reasonable range of change in exchange rate would not have a material impact on profit or equity.

Emerging Market Currency Fund

The Group seeded a product in December 2010 called the Record Currency – Emerging Market Currency Fund, which manages a portfolio of emerging market currency deliverable forward exchange contracts and emerging market currency non-deliverable forward exchange contracts in order to achieve a return. As Record plc exerts control over the fund, it has been consolidated into the Group's primary statements. The net assets of the fund at 31 March 2017 were £5,411,855 (2016: £4,583,029).

The Group is not materially exposed to any of the 19 Emerging Market currencies traded in its portfolio, but the Group has considered sensitivity to Emerging Market currencies as a group in the following table:

	Impact on profit after tax for the year ended 31 March		**Impact on total equity as at 31 March**	
	2017 **£'000**	**2016** **£'000**	**2017** **£'000**	**2016** **£'000**
10% depreciation in the Emerging Market portfolio	(490)	(412)	(490)	(412)
10% appreciation in the Emerging Market portfolio	490	412	490	412

The impact of a change to the portfolio value of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis and expectations for future movement in emerging markets.

22. Fair value measurement

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	2017 **£'000**	**Level 1** **£'000**	**Level 2** **£'000**	**Level 3** **£'000**
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	18	-	18	-
Forward foreign exchange contracts used for seed funds	35	-	35	-
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(5)	-	(5)	-
Forward foreign exchange contracts used for seed funds	(43)	-	(43)	-
Total	**5**	**-**	**5**	**-**

	2016 **£'000**	**Level 1** **£'000**	**Level 2** **£'000**	**Level 3** **£'000**
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts used for seed funds	106	-	106	-
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(108)	-	(108)	-
Total	**(2)**	**-**	**(2)**	**-**

There have been no transfers between levels in the reporting period (2016: none).

Basis for classification of financial instruments classified as level 2 within the fair value hierarchy

Both forward foreign exchange contracts and options are classified as level 2. Both of these instruments are traded on an active market. Options are valued using an industry standard model with inputs based on observable market data whilst the fair value of forward foreign exchange contracts may be established using interpolation of observable market data rather than from a quoted price.

Classes and fair value of financial instruments

It is the Directors' opinion that the carrying value of all financial instruments approximates to their fair value.

Categories of financial instrument

At 31 March 2017	Note	Loans and receivables £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
Trade and other receivables (excludes prepayments)	14	6,051	-	-	-
Money market instruments with maturities > 3 months	16	18,102	-	-	-
Cash and cash equivalents	16	19,120	-	-	-
Derivative financial assets at fair value through profit or loss	15	-	-	53	-
Trade payables	17	-	(418)	-	-
Accruals	17	-	(2,189)	-	-
Derivative financial liabilities at fair value through profit or loss	15	-	-	-	(48)
Total		**43,273**	**(2,607)**	**53**	**(48)**

At 31 March 2016	Note	Loans and receivables £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
Trade and other receivables (excludes prepayments)	14	5,107	-	-	-
Money market instruments with maturities > 3 months	16	13,020	-	-	-
Cash and cash equivalents	16	21,720	-	-	-
Derivative financial assets at fair value through profit or loss	15	-	-	106	-
Trade payables	17	-	(171)	-	-
Accruals	17	-	(1,951)	-	-
Derivative financial liabilities at fair value through profit or loss	15	-	-	-	(108)
Total		**39,847**	**(2,122)**	**106**	**(108)**

23. Operating lease commitments

Leases in which substantially all the risks and rewards are retained by the lessor are classified as operating leases. Payments made under these operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Benefits received as an incentive to sign a lease, whatever form they may take, are credited to profit or loss on a straight-line basis over the lease term.

On 25 January 2006, the Group signed a ten year lease on premises at First Floor, Morgan House, Madeira Walk, Windsor, at an annual commitment of £229,710 per annum and this expired on 19 June 2016. On 20 May 2016, a lease extension was signed allowing the business to remain in its current offices from 20 June 2016, for a maximum of nine months to 20 March 2017. Simultaneously, an agreement for lease was signed on alternative space in the same building, subject to the completion of refurbishment works, allowing the business to remain in the same building until September 2022.

On 7 September 2016, the Group signed a new lease on premises at Second and Third Floors, Morgan House, Madeira Walk, Windsor, at an annual commitment of £507,603 per annum, expiring 1 September 2022. On 28 November 2016 staff relocated from First Floor, Morgan House to the new offices on Second and Third Floor, Morgan House. The lease extension for First Floor, Morgan House was terminated on 30 November 2016.

On 16 March 2016, the Group signed a three year lease on premises in New York City, at an average annual commitment of $125,840 per annum.

The Group has considered the risks and rewards of ownership of the leased properties, and considers that they remain with the lessors. Consequently, all property leases are recognised as operating leases.

At 31 March 2017 the Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	2017 £'000	2016 £'000
Not later than one year	608	143
Later than one year and not later than five years	2,134	177
Later than five years	211	-
Total	**2,953**	**320**

24. Cash flow from operating activities

This note should be read in conjunction with the cash flow statements. It provides a reconciliation to show how operating profit, which is based on accounting rules, translates to cash flows.

Group

	2017 £'000	2016 £'000
Operating profit	8,563	6,790
Adjustments for non-cash movements:		
Depreciation of property, plant and equipment	99	77
Amortisation of intangible assets	243	244
Net release of shares previously held by EBT	587	374
Share-based payments	24	388
Other non-cash movements	(146)	(282)
	9,370	**7,591**
Changes in working capital		
(Increase)/decrease in receivables	(1,268)	610
Increase/(decrease) in payables	641	(600)
Decrease in other financial assets	53	1,182
Decrease in other financial liabilities	(60)	(1,664)
Cash inflow from operating activities	**8,736**	**7,119**
Corporation taxes paid	(1,570)	(1,610)
Net cash inflow from operating activities	**7,166**	**5,509**

Company

	2017 £'000	2016 £'000
Operating profit/(loss)	**330**	**(114)**
Adjustment for:		
(gain)/loss on investments	(330)	113
Changes in working capital		
Decrease in payables	-	(470)
Cash outflow from operating activities	**-**	**(471)**
Corporation taxes paid	-	-
Net cash outflow from operating activities	**-**	**(471)**

25. Related parties transactions

Company

Details of transactions between the Company and other Group undertakings, which are related parties of the Company, are shown below:

Transactions with subsidiaries

The Company's subsidiary undertakings are listed in note 12, which includes a description of the nature of their business.

	2017 £'000	2016 £'000
Amounts due to subsidiaries	(11)	(11)
Net dividends received from subsidiaries	3,592	4,205

Amounts owed to and by related parties will be settled in cash. No guarantees have been given or received. No provisions for doubtful debts have been raised against amounts outstanding (2016: £nil). No expense has been recognised during the period in respect of bad or doubtful debts due from related parties.

Group

Transactions or balances between Group entities have been eliminated on consolidation and in accordance with IAS 24, are not disclosed in this note.

Key management personnel compensation

	2017 £'000	2016 £'000
Short-term employee benefits	4,651	3,894
Post-employment benefits	184	280
Share-based payments	1,387	989
Total	**6,222**	**5,163**

The dividends paid to key management personnel in the year ended 31 March 2017 totalled £1,915,103 (2016: £1,963,285).

Directors' remuneration

	2017 £'000	2016 £'000
Emoluments (excluding pension contribution)	2,571	2,326
Pension contribution (including payments made in lieu of pension contributions)	164	150
Aggregate emoluments of the Directors	**2,735**	**2,476**

During the year, one Director of the Company (2016: three) participated in the Group Personal Pension Plan, a defined contribution scheme.

Transactions with seeded funds

From time to time, the Group injects capital into funds operated by the Group to trial new products (seed capital). If the Group is able to exercise control over such a seeded fund by holding a majority interest (whether the majority interest is held by Record plc alone, or by combining the interests of Record plc and its Directors), then the fund is considered to be a related party.

Record Currency – Strategy Development Fund (formerly Global Alpha Fund) and Record Currency – Emerging Market Currency Fund are both related parties on this basis. Similarly, the Record Currency – FTSE FRB10 Index Fund has been a related party since the Record plc holding became a majority interest as a result of a divestment of an external investment from the fund. There were no transactions between the Company and these funds during the year.

26. Capital management

The Group's objectives when managing capital are (i) to safeguard the Group's ability to continue as a going concern, (ii) to provide an adequate return to shareholders, and (iii) to meet regulatory capital requirements set by the UK Financial Conduct Authority.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. The Group had no debt in the current or prior financial year and consequently does not calculate a debt-to-adjusted capital ratio.

The Group's capital is managed within the categories set out below:

	2017 £m	2016 £m
Regulatory capital	8.9	8.5
Other operating capital	24.6	22.2
Operating capital	**33.5**	**30.7**
Seed capital	3.3	3.0
Total capital	**36.8**	**33.7**

Operating capital is intended to cover the regulatory capital requirement plus capital required for day to day operational purposes and other investment purposes. The Directors consider that the other operating capital significantly exceeds the actual day to day operational requirements.

Seed capital is the capital deployed to support the growth of new funds. Seed capital is limited to 15% of the Group's total capital.

For regulatory capital purposes Record plc is subject to consolidated financial supervision by the Financial Conduct Authority ("FCA"). Our regulatory capital requirements are in accordance with FCA rules and consistent with the Capital Requirements Directive. Our financial resources have exceeded our financial resource requirements (regulatory capital requirements) at all times during the year. Further information is provided in the Business Review.

27. Ultimate controlling party

As at 31 March 2017 the Company had no ultimate controlling party, nor at 31 March 2016.

28. Post reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

29. Statutory Accounts

This statement was approved by the Board on 15 June 2017. The financial information set out above does not constitute the Company's statutory accounts.

The statutory accounts for the financial year ended 31 March 2016 have been delivered to the Registrar of Companies, and those for the year ended in 31 March 2017 will be delivered in due course. The auditor has reported on those accounts; the reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006 in respect of either set of accounts.

Product classification

Record has historically reported AUME and management fees between four core products, being Dynamic Hedging, Passive Hedging, Currency for Return and Cash and other.

However, clients may also elect for mandates with combined hedging and return-seeking objectives, which cannot readily be separated into hedging and return-seeking components. Therefore, to reflect such mandates held not only with current clients but also with potential future clients, a new product category has been introduced: Multi-product mandates. This new classification does not represent a new service line, rather seeks to redefine the boundaries between existing products, and combinations of products.

To assist in understanding the changes, AUME, management fees and management fee rates by product have been presented under both historic and revised conventions.

AUME for the Multi-product classification is based on the mandate size of those mandates, in order to maintain the clear link between AUME, fee levels and management fees. This change in definition gives rise to an AUME adjustment in the reconciliation below of -$1.5 billion as at 31 March 2017 (31 March 2016: -$0.8 billion). These adjustments do not represent a genuine AUME flow.

	Historic presentation		**Mandate reclassification**		**AUME re-definition**		**Revised presentation**	
AUME US$ billion	**Mar-16**	**Mar-17**	**Mar-16**	**Mar-17**	**Mar-16**	**Mar-17**	**Mar-16**	**Mar-17**
Dynamic Hedging	7.9	8.7	-1.8	-2.4	0.0	0.0	6.1	6.3
Passive Hedging	43.8	48.7	-0.4	-0.5	0.0	0.0	43.4	48.2
Currency for Return	1.8	2.1	-1.2	-1.1	0.0	0.0	0.6	1.0
Multi-product	N/a	N/a	3.4	4.0	-0.8	-1.5	2.6	2.5
Cash and other	0.2	0.2	0.0	0.0	0.0	0.0	0.2	0.2
Total	**53.7**	**59.7**	**0.0**	**0.0**	**-0.8**	**-1.5**	**52.9**	**58.2**

Management fees £ million	**FY-16**	**FY-17**	**FY-16**	**FY-17**	**FY-16**	**FY-17**
Dynamic Hedging	8.3	8.4	-2.8	-2.8	5.5	5.6
Passive Hedging	9.4	12.1	0.0	0.0	9.4	12.1
Currency for Return	3.2	2.2	-2.4	-1.2	0.8	1.0
Multi-product	N/a	N/a	5.2	4.0	5.2	4.0
Total	**20.9**	**22.7**	**0.0**	**0.0**	**20.9**	**22.7**

Management fee rates - bps per annum	**FY-16**	**FY-17**	**FY-16**	**FY-17**
Dynamic Hedging	15	14	13	12
Passive Hedging	3	3	3	4
Currency for Return	15	13	20	15
Multi-product	N/a	N/a	19	20

Notes to Editors

This announcement includes information with respect to Record's financial condition, its results of operations and business, strategy, plans and objectives. All statements in this document, other than statements of historical fact, including words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "will", "continue", "project" and similar expressions, are forward-looking statements.

These forward-looking statements are not guarantees of the Company's future performance and are subject to risks, uncertainties and assumptions that could cause the actual future results, performance or achievements of the Company to differ materially from those expressed in or implied by such forward-looking statements.

The forward-looking statements contained in this document are based on numerous assumptions regarding Record's present and future business and strategy and speak only as at the date of this announcement.

The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement whether as a result of new information, future events or otherwise.

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.