PRESS RELEASE

Record plc

17 June 2014

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014

Record plc, the specialist currency manager, today announces its audited results for the year ended 31 March 2014.

Financial headlines:

- *AUME[1] $51.9bn at 31 March 2014 (up 49%)*
- *AUME £31.1bn at 31 March 2014 (up 36%)*
- *Revenue of £19.9m (up 7%)*
- *Pre-tax profit of £6.5m (up 7%)*
- *Operating profit margin to 31 March 2014 of 32%, unchanged on prior year.*
- *Financial position remains strong with net assets of £32.9m at 31 March 2014 (2013: £32.3m).*
- *Basic EPS of 2.48p per share (2013: 1.98p)*
- *Proposed final dividend for the year to 31 March 2014 is 0.75p per share, giving a total dividend in respect of the year of 1.50p per share (2013: 1.50p).*

Key developments:

- *Client numbers increased to 48 at 31 March 2014 (2013: 44)*
- *AUME exceeds $50.0bn for the first time in six years*
- *Growing interest in Currency for Return strategies underlined by first significant external investment into FTSE FRB10 Index Fund during the year*

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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:

"The Group has continued to build on the foundations for growth laid in prior years. The benefits from the growth in the “leading” indicators of AUME and client numbers reported last year have now flowed through into this year’s results, bolstered by further increases in AUME and client numbers during this year. It’s therefore pleasing now to report increases in “lagging” growth indicators as well, namely revenue, profits and earnings per share for the year.

"This growth has been achieved in the context of a continued shift in business mix towards Hedging and particularly Passive Hedging services. Whilst these services attract lower fee rates, Passive Hedging mandates have the advantage of being less sensitive to investment performance and tend to have greater longevity, offering greater opportunity to nurture relationships and identify new business opportunities with the same client.

"Notwithstanding the positive growth in terms of our financial results and AUME, we continue to do business in a challenging environment – challenging in terms of varying expectations amongst current and prospective clients, competitive pressures, and increased regulatory responsibilities.

“Further growth in mandates and AUME will be required to offset fully the impact of fee rate reductions undertaken in the financial year, and the Group is confident that its diversified range of products is well-positioned to respond to varying client demand.

“Interest in return-seeking opportunities, particularly ‘carry’ opportunities, has begun to re-emerge, driven by the growing divergence of central banks’ policies. This interest has culminated in the first significant external investment into the Record FTSE FRB10 Index Fund just prior to year end; growth that the Group hopes to build on in the current financial year.

“The market in which we operate continues to change and the importance of maintaining both our flexible approach to clients’ currency-related issues and our superior level of client service are paramount. This approach has served us well over the last thirty years and we believe will continue to do so as we adapt to future market developments and changing client demands.”

Analyst briefing

There will be a presentation for analysts at 9.30am on Tuesday 17 June 2014 at 60 Victoria Embankment, London, EC4Y 0JP. 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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Neil Record - Chairman

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Nick Denton, Vicky Watkins, Nick Hayns

Consolidated statement of comprehensive income

Year ended 31 March

	Note	2014 £'000	2013 £'000
Revenue	3	19,922	18,552
Cost of sales		(86)	(221)
Gross profit		19,836	18,331
Administrative expenses		(13,412)	(12,343)
Loss on financial instruments held as part of disposal group		-	(68)
Operating profit	4	6,424	5,920
Finance income		113	158
Profit before tax		6,537	6,078
Taxation	6	(1,494)	(1,450)
Profit after tax and total comprehensive income for the year		5,043	4,628
Profit and total comprehensive income for the year attributable to:			
Non-controlling interests		(364)	294
Owners of the parent		5,407	4,334

Earnings per share for profit attributable to the equity holders of the Group during the year (expressed in pence per share)			
Basic earnings per share	7	2.48p	1.98p
Diluted earnings per share	7	2.47p	1.98p

Consolidated statement of financial position

As at 31 March

	Note	2014 £'000	2013 £'000
Non-current assets			
Property, plant and equipment	10	86	140
Intangible assets	11	734	963
Investments	12	2,754	-
Deferred tax assets	13	158	5
		3,732	1,108
Current assets			
Trade and other receivables	14	5,646	5,569
Derivative financial assets	15	198	43
Money market instruments with maturity > 3 months	16	15,488	-
Cash and cash equivalents	16	11,503	29,025
Total current assets		32,835	34,637
Total assets		36,567	35,745
Current liabilities			
Trade and other payables	17	(2,706)	(2,672)
Corporation tax liabilities	17	(832)	(760)
Derivative financial liabilities	15	(122)	(25)
Total current liabilities		(3,660)	(3,457)
Total net assets		32,907	32,288
Equity			
Issued share capital	18	55	55
Share premium account		1,838	1,838
Capital redemption reserve		20	20
Retained earnings		27,327	26,729
Equity attributable to owners of the parent		29,240	28,642
Non-controlling interest	20	3,667	3,646
Total equity		32,907	32,288

Chairman's statement

Overview

The Group has continued to build on the foundations for growth laid in prior years. The benefits from the growth in the "leading" indicators of AUME and client numbers reported last year have now flowed through into this year's underlying results, bolstered by a 49% increase in AUME and a 9% increase in client numbers during this year. It's therefore pleasing now to report increases in "lagging" growth indicators as well, namely revenue, profits and earnings per share for the year.

The market in which we operate has continued to evolve, with short-term sentiment and risk appetite being driven as much by political influences as by economic decisions. The most prevalent market factor affecting the Group's investment performance over the twelve months to 31 March 2014 has been the increasingly divergent behaviour amongst central banks, with policies more predicated on domestic objectives rather than a common global imperative.

Notwithstanding the positive growth in terms of our financial results and AUME, we continue to do business in a challenging environment – challenging in terms of varying expectations amongst current and prospective clients, fee pressures, and increased regulatory responsibilities.

Financial highlights

The full year effect of increases in AUME and client numbers reported for last year, plus net inflows of $14.1 billion over the year, have resulted in an increase in underlying revenues for the first time in five years. This growth was however diluted somewhat by the amendment of fee scales for our Dynamic Hedging product announced mid-year; a consequence of higher levels of business enquiries and procurement processes being accompanied, inevitably, by an increase in competitive activity. In recognising this by aligning existing clients' fees with those being proposed to new clients, we are pursuing growth in volume that would more than compensate for reduced revenue margins.

Against this backdrop, total statutory revenues grew by 7% to £19.9 million for the year (2013: £18.6 million) achieving an increase in profit before tax of 7% to £6.5 million (2013: £6.1 million) and basic earnings per share rose by 25% to 2.48 pence (2013: 1.98 pence). AUME increased to $51.9 billion (2013: $34.8 billion) including the inflows of $14.1 billion mentioned above, although the product mix in hedging continues its shift from Dynamic Hedging to the lower-margin Passive Hedging product, which now accounts for 73% of total AUME (2013: 63%).

Culture and regulatory change

Our business depends on the relationships built with our clients and their trust placed in us to provide the best possible service and solutions to their currency needs. Since establishing Record over 30 years ago, a culture driven by integrity and of prioritising clients' best interests has underpinned our position as one of the leading currency experts in our industry.

This culture, and its continued reinforcement across the firm, is far more effective than regulation alone. The 2008 financial crisis and, more recently, allegations of manipulation across the financial services sector generally, have driven calls for reform across the industry as a whole. We are committing the necessary resources to ensure full compliance with regulations as they evolve, and are also cognisant of our role in helping clients understand and meet their new regulatory requirements.

Dividend

The Board is recommending a final dividend of 0.75 pence per share. The total dividend in respect of the year ended 31 March 2014 of 1.50 pence per share is unchanged on the previous year and in line with our intention as stated in this year's interim report. The dividend will be payable on 30 July 2014 to shareholders on the register at 27 June 2014.

For the current financial year, the Board's intention, subject to business conditions, is to retain the overall dividend payable at 1.50 pence per share, which the Board would expect to be payable equally in respect of an interim and final dividend. In setting the dividend, the Board will be mindful of achieving a level which it expects to be at least covered by earnings and which allows for sustainable dividend growth by the business in line with the trend in profitability.

Group strategy

The Group continues to focus on building long-term relationships with our clients with a view to generating sustainable growth for the business. Although the product mix has continued its shift towards lower margins, the advantage in having more Passive Hedging clients is in their longevity - consequently the opportunity for us to nurture relationships and identify new business opportunities with the same client is far greater. The higher-margin, return-seeking currency products tend to be more susceptible to short-term changes in market sentiment, and we have the diversified product suite ready to react and take advantage of any such opportunities as they arise.

Outlook

We continue to engage with a number of potential clients on a wide variety of currency-related issues, including both hedging and return-seeking strategies.

Growing divergence of central banks' policies has led to the re-emergence of interest in return-seeking and in particular "carry" opportunities – interest which has recently culminated in the first significant external investment into the Record Currency – FTSE FRB10 Index Fund just prior to year end and growth that we hope to continue to build on in the current financial year.

The market in which we operate continues to change and the importance of maintaining both our flexible approach to clients' currency-related issues and our superior level of client service are paramount. This approach has served us well over the last thirty years and we believe will continue to do so as we adapt to future market developments and changing client demands.

I would also like to take this opportunity to thank all of the Group's management and staff for their continued hard work and commitment throughout the year.

Neil Record

Chairman

Chief Executive Officer’s statement

It is gratifying to report that in the financial year to 31 March 2014 the Group has achieved growth in client numbers, AUME, revenues and profits. This growth has been achieved in the context of a continued shift in business mix towards Hedging and particularly Passive Hedging services, which whilst attracting lower revenue margins, have historically been less sensitive to investment performance, and client mandates typically longer-lived.

Further growth in mandates and AUME will be required to offset fully the impact of fee rate reductions undertaken in the financial year, and the Group is confident that its diversified range of products is well-positioned to respond to varying client demand.

Market overview

The most prevalent market factor affecting the Group’s investment performance over the twelve months to 31 March 2014 has been increasingly divergent behaviour amongst central banks. Broadly since 2009, developed market central banks, in particular those of Japan, the United States, the Eurozone, the United Kingdom and Switzerland had pursued exceptionally loose monetary policy. Since the start of the financial year, central banks have been pursuing different policies more predicated on domestic objectives rather than a common global imperative, and this difference in behaviour is being felt in currency markets.

In brief, Japan continues firmly in the easing camp, the Eurozone and Switzerland more biased towards looser monetary policy, and the United States and the United Kingdom more clearly on a path towards tightening.

Since the middle of 2013, the FX market itself has attracted new and in some cases undesired attention. Much of this attention has focussed on FX benchmark or “fix” rates, which are now the subject of multiple regulatory investigations around the world. To be clear, Record has no connection with any of these investigations. Overall, it should be emphasised that the FX market serves its users tremendously well, as a continuous round-the-clock market offering deep liquidity in a wide range of currency pairs, including for very large transactions, and at exceptionally low costs. Record’s status as an independent and expert manager acting only on its clients’ behalf enables us to navigate this market solely in our clients’ best interests.

Investment performance

The performance of our Dynamic Hedging product depends on how foreign currencies change in value relative to the base currency of a client. During the last year, mandates for our US and 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. Overall, UK-based Dynamic Hedging programmes generated positive returns from hedging, in turn helping to offset clients’ losses from foreign currency exposure. Conversely, US-based Dynamic Hedging programmes generated modest negative returns, allowing clients’ gains from foreign currency exposure to be largely preserved.

Amongst Currency for Return products in the year, the Active FRB product saw negative returns as relatively low interest rate currencies strengthened, while higher interest rate currencies were relatively weak. Similarly, the Forward Rate Bias Index product also produced negative returns as low interest rate currencies appreciated. Record’s Emerging Market Currency Fund generated negative returns over the period as emerging market currencies depreciated against a basket of developed market currencies. More detailed performance data is provided in the operating review.

Record’s live Multi-Strategy mandate, a combination of Forward Rate Bias, Emerging Market, Momentum and Value strategies, delivered modest positive performance over the period, led by returns in the Value and Momentum strategies.

Asset flows and financial performance

AUME increased significantly through the year by 49%, to $51.9 billion. This increase was driven by several new Hedging mandates, modestly offset by client losses, driving net inflows of $14.1 billion. External factors (e.g. equity and other market movements and the impact of exchange rates over the period) also contributed +$3.0 billion. Since the year-end, Record has announced the termination of a Dynamic Hedging mandate of approximately $600 million.

This growth in AUME has led to an increase in underlying[1] revenues of 11%, to £20.3 million. A continued focus on cost control has seen the Group increase its underlying operating profit margin to 33%, leading to growth in underlying profit before tax of 19%, to £6.9 million, and in basic earnings per share of 25%, to 2.48 pence per share.

Strategic progress

During the financial year the Group has built on the foundations for growth established in prior years, and has continued to engage with more prospective clients, to enhance its service offering, and to strengthen further its infrastructure to manage client-specific mandates in a robust and operationally efficient environment.

Engagement with prospective clients and their investment consultants continues to focus on the Group's core markets of North America, continental Europe and in particular Switzerland, and the United Kingdom.

In the United States, long-term growth in international asset allocations driven by the adoption of global benchmarks, combined with the expectation of a strengthening US Dollar, brought about a marked increase in interest in hedging from the summer of 2013. This higher level of interest was accompanied by increased competitive activity, and the Group took the decision in November 2013 to recognise this by reducing fee scales for existing clients, as well as for potential new clients.

Since the start of 2014, the absence of pronounced US Dollar appreciation has caused some of this interest to diminish, although this could return quickly with US Dollar strength. It remains the case that many US investors have greater exposure now to foreign currencies than has been the case historically, and this supports greater interest in currency management strategies to which the Group is well positioned to respond.

In Switzerland, Record achieved considerable growth in Passive Hedging mandates, as a result of the Group's long and respected presence in the market, investors' focus on hedging implementation, and Record's high service level offering. The client relationships built on Passive Hedging also provide an opportunity to discuss other Record products.

In the United Kingdom, the Group continues to engage with prospective clients on both Passive and Dynamic Hedging, and has seen early signs of renewed interest in Currency for Return strategies, including Forward Rate Bias strategies. These strategies tend to perform well both in anticipation of interest rate divergence as well as in established divergent environments with larger interest rate differentials to harvest. Client interest is drawn to transparent, low-geared and lower fee strategies, which Record is ideally placed to meet with the FTSE FRB10 Index Fund.

With respect to enhancing Record's products and services, we have continued to develop the service offering in Hedging products, to gain more experience in managing the Multi-Strategy portfolio, which will mark its second anniversary in July 2014, and to explore further product development. Such enhancements are essential to continue to meet clients' requirements.

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[1] The underlying results are those before consolidating the seed funds in full, and reflect internal management reporting of the revenues and costs driving future cashflows of the business.

The Group has also continued to invest further in its operational infrastructure, in terms of systems, processes and most of all people. Over thirty years, Record has built a client-centric operating model – all Hedging mandates, and unfunded Currency for Return mandates, are run as bespoke segregated mandates, with each client's individual parameters, exposures and trades recorded and managed uniquely for that client. It is this model that enables us to run highly operational risk-sensitive Hedging mandates, in particular in Passive Hedging, robustly and efficiently, and on terms that are attractive to the client. This client-centric model is wholly different from the fund-oriented operational approach that many alternative investment managers have put in place, and is a model in which Record will continue to invest.

Outlook

After five years of declining revenues and profits, the progress made in the twelve months to 31 March 2014 demonstrates the Group's ability to grow client relationships and AUME through both long-established and new products. Across our core markets of North America, continental Europe and the United Kingdom, growing interest in currency management strategies, whether Hedging, Currency for Return, or a combination, augurs well for future growth.

Competitive pressures continue to be felt across our markets. The Group's responses to these pressures include continually enhancing the service levels and client features in respect of some products, such as Passive Hedging, whilst recognising fee pressures and reducing fees to remain competitive in others. At all times the Group will remain focussed on its principal objectives of offering services and products that are designed to meet our clients' currency objectives and to do so at good value, that allow the Group to maintain its position as an unconflicted expert agent, acting solely in its clients' best interests, and for which the Group will be properly remunerated.

Within those parameters, there are numerous opportunities for both existing and new products, with both long-established and new clients, and all of the Group's staff are wholly focused on making the most of these opportunities.

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	2014	2013	2012	2011	2010
AUME at 31 March – US Dollars	$51.9bn	$34.8bn	$30.9bn	$31.4bn	$34.0bn
Client numbers at 31 March	48	44	41	46	93
Average management fee rates achieved	8	9	11	14	15
Underlying operating profit margin	33%	31%	32%	44%	49%
Basic EPS	2.48 pence	1.98 pence	2.23 pence	4.03 pence	5.39 pence

How we performed this year

- Net AUME inflows for the year were $14.1bn and AUME ended the year at $51.9bn, the highest closing level of AUME for six years.
- Client numbers at the end of the year stood at 48, the highest for four years.
- Fees for Dynamic Hedging were reduced during the year to align existing clients' fees with those being proposed to potential new clients. Fee rates on other products were broadly maintained.
- Underlying profit margin increased from 31% to 33%.
- EPS increased by 25% due to growth in revenue and firm cost control during the year.

Business review

Market review

The most prevalent market factor affecting the Group's investment performance over the twelve months to 31 March 2014 has been increasingly divergent behaviour amongst central banks. This divergence is in contrast to the high degree of policy convergence, in particular amongst the central banks of Japan, the United States, the Eurozone, the United Kingdom and Switzerland (henceforth referred to as the "G5"), that had been largely observed since 2009 as a uniform policy response to the banking crisis and subsequent recessions.

As well as commenting on this divergence and its impact on exchange rates and on Record's products, this section will also address the functioning of the FX market itself, which has come under new and frequently unwelcome scrutiny since the middle of 2013.

Central bank policy

Broadly since 2009, developed market central banks, in particular those of the G5 have pursued exceptionally loose monetary policy. This has consisted of a range of policies including close-to-zero policy interest rates, "forward guidance" on the anticipated path interest rates may take in the future, and further growth in the base money supply through asset purchases (known as "quantitative easing").

During the year to 31 March 2014, it has become evident that different central banks are now starting to pursue different policies with respect to stopping, slowing, continuing, increasing or indeed starting these unconventional monetary policy tactics, and furthermore that this difference in behaviour is being felt in currency markets.

At the outset of the financial year, currency markets were focussed on Japan, and in particular the 3-4 April 2013 meeting of the Bank of Japan's monetary policy committee under new Governor Haruhiko Kuroda. At this meeting Governor Kuroda surprised markets by announcing a "new phase of monetary easing", intended to target a 2% inflation rate through aggressively increasing asset purchases, and in effect targeting a doubling of the monetary base by the end of 2014. This firmly pinned the Bank of Japan's colours to the "more easing" mast. Predictably the Japanese Yen continued its depreciation course that had started in September 2012.

By contrast, on 22 May 2013, Chairman Ben Bernanke mooted slowing the $85 billion per month rate of asset purchases then being pursued by the US Federal Reserve, immediately adding "tapering" to the financial lexicon. This rapidly gave rise to speculation that the Federal Reserve would start to slow asset purchases from the September 2013 meeting of its Open Market Committee, and that interest rate tightening would follow thereafter. Policy divergence had therefore opened up, most clearly between the US and Japan.

This perception of tightening from the Federal Reserve had the predictable effect of supporting the US Dollar throughout the summer, in particular against emerging market currencies with sizeable current account deficits whose economies were seen as vulnerable to a tightening rate cycle. When in September 2013 the Federal Reserve elected not to start tapering, choosing instead to "await more evidence that progress will be sustained", markets were surprised, but the December 2013 decision to reduce asset purchases by $10 billion re-affirmed prior expectations. The Federal Reserve has continued to reduce further the rate of asset purchases at subsequent meetings, illustrating that whilst interest rates continue to be exceptionally low and the monetary base continues to expand, the direction of travel for the Federal Reserve continues towards tightening rather than easing.

The European Central Bank and the Bank of England have also moved towards monetary policy being dictated by domestic policy objectives, rather than a common global policy imperative. The European Central Bank had steadfastly resisted the most unconventional forms of monetary policy such as quantitative easing, cleaving instead to more orthodox policies. President Mario Draghi's July 2012 commitment "to do whatever it takes to preserve the Euro" continued to serve its reassuring function throughout much of this financial year, although towards the end of the financial year and subsequently speculation has grown that the risk of deflation in the Eurozone is sufficiently high for asset purchases or more traditional forms of easing (such as negative deposit rates) to return to the agenda. The European Central Bank is therefore more likely on an easing rather than tightening path.

In the United Kingdom, incoming Bank of England Governor Mark Carney sought initially to rely on forward guidance, by establishing in August 2013 a firm link between the unemployment rate and interest rates increases. This link did not survive a faster-than-expected fall in unemployment, with forward guidance amended in February 2014 to a more judgemental and therefore discretionary determination of interest rates. While rates continue to be exceptionally low, and the Bank of England has preserved its discretion in when rates will be increased, the direction of travel appears to be in favour of tightening, with perhaps greater risk that this will take place sooner rather than later, particularly if concerns grow of a house price bubble.

To complete the G5, the Swiss National Bank has preserved its policy of capping the value of the Swiss Franc versus the Euro, thereby limiting the scope for monetary policy divergence compared to that of the Eurozone. In summary therefore, Japan continues firmly in the easing camp, the Eurozone and Switzerland more biased towards looser monetary policy, and the United States and the United Kingdom more clearly on a path towards tightening.

In general rising interest rates and interest rate expectations for one currency are positive for the performance of that currency. The effects of interest rate and rate expectations on Record's currency management services are complex, but some conclusions can be drawn.

With respect to the hedging services that now comprise the large majority of Record's AUME, the long-established arguments in favour of hedging currency risk are in theory neutral to the interest rate outlook and indeed short-term currency performance, as the objective of hedging is principally to reduce the volatility contributed by long-term unrewarded currency risk. Nonetheless experience has shown that the expectation of a strengthening base currency, and hence the risk of losses caused by depreciating exposure currencies, can be a powerful catalyst to encourage investors to consider hedging.

The expectation of a strengthening US Dollar, fuelled by the prospect of interest rate tightening, and combined with international asset allocations that have grown significantly in recent years, is believed to account for much of the growth in interest in hedging that Record saw, starting from the summer of 2013. Since the start of 2014, the absence of pronounced US Dollar appreciation, attributable in part to a more nuanced expectation of US interest rate tightening, has caused some of this interest to diminish, although this could return quickly with US Dollar strength. It remains the case that many US investors have greater exposure now to foreign currencies than has been the case historically, and this supports greater interest in currency management strategies.

With respect to return-seeking currency strategies, the most obvious beneficiary of monetary policy divergence, and hence anticipated interest rate divergence, are the forward rate bias or "carry trade" strategies. These strategies tend to perform well both in anticipation of interest rate divergence, as this is reflected in currency spot price movements, as well as in established divergent environments with larger interest rate differentials to harvest. This more supportive environment is believed to account for the nascent although growing interest that Record has seen in forward rate bias strategies in the latter part of 2013 and early part of 2014.

Emerging market currency strategies have suffered to some extent, in particular from the expectation of US interest rate tightening and a slowdown in their own GDP growth. This does not though diminish the long-term case predicated on the convergence in productivity between emerging and developed economies, and many emerging market economies continue to offer attractive interest rate premiums, now at multi-year highs. The long-term investment case for emerging market currency strategies therefore continues to be strong.

Momentum and value strategies are less evidently directly affected by developed market interest rates. As a generalisation, reduced participation by central banks in capital markets should allow these strategies better to assert themselves in the market circumstances to which they are best suited, although changing market expectations can prove costly to momentum strategies in particular.

The FX market

Since the middle of 2013, the FX market has attracted new and in some cases undesired attention. Much of this attention has focussed on FX benchmark or “fix” rates, which are now the subject of multiple regulatory investigations around the world. To be clear, Record has no connection with any of these investigations.

By way of background, benchmark rates, amongst which the best known are WM/Reuters rates, were established for valuation and reporting, including importantly in indices, and not originally for outright trading. These rates are calculated based on actual trades in a one minute window. Banks now offer a facility to clients to commit in advance to transacting at WM/Reuters spot rates. This extension of an after-the-fact benchmark rate, to a rate at which a bank will commit in advance, is a fundamental change in the benchmark’s purpose.

As a specialist currency manager, Record has an obligation to achieve best execution for its clients and has no bias towards using WM/Reuters rates, only doing so if it better suits our client’s objective. This is only a small minority of our trading activity, on average less than 5%.

Overall it should be emphasised that the FX market serves its users tremendously well, as a continuous round-the-clock market offering deep liquidity in a wide range of currency pairs, including for very large transactions, and at exceptionally low costs.

Operating review

Product investment performance

Our hedging products are predominantly systematic in nature. The effectiveness of each of the client mandates 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 last year, mandates for our US and 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.

UK investors saw losses from currency over the year as Sterling strengthened, leading to lower base valuations for foreign currency investments. UK-based Dynamic Hedging programmes systematically increased hedge ratios over the year in response to Sterling strength; this resulted in positive returns from hedging, in turn helping to offset losses from foreign currency exposure.

Conversely, US investors saw gains from currency on international exposures when valuing positions in US Dollars, as foreign currencies strengthened against the US Dollar. Record's Dynamic Hedging product reduced hedge ratios over the year in response to this US Dollar weakness. As a result, the negative returns from hedging were controlled, allowing gains from foreign currency exposure to be largely preserved.

Record had a number of "live" Currency for Return products in the year. The Active Forward Rate Bias (FRB), and Emerging Market products are active and return seeking in nature, though exploit different market phenomena. The other return seeking products are more passive in nature: the Record Currency - FTSE FRB10 Index Fund, a strategy that tracks the FTSE Currency FRB10 index, and the Momentum and Value strategies. Active FRB, Emerging Market, Momentum and Value also comprise a version of the Currency Multi-Strategy product.

For the Active FRB product, the core investment process – the Trend/Forward Rate Bias strategy – aims to buy selected developed market higher interest rate currencies and sell selected lower interest rate currencies and to manage these positions with a view to controlling downside risk. Historically this investment approach has shown positive returns due to the existence of the Forward Rate Bias and trending movements in selected currency pairs. The year saw negative returns as relatively low interest rate currencies, notably the Swiss Franc and Euro, strengthened, while higher interest-rate currencies such as the Australian Dollar were relatively weak. A complementary investment process – the Range Trading strategy – generated a positive return as selected currency pairs tended to mean revert, partially offsetting the underperformance of the Trend/Forward Rate Bias strategy.

Similarly, the Forward Rate Bias Index product produced negative returns as low interest rate currencies appreciated. Record remains committed to our belief that over time currency and in particular the FRB can be a persistent and uncorrelated source of returns for investors, and that the FRB will continue to generate long-term returns.

Record's Emerging Market Currency Fund generated negative returns over the period as emerging market currencies depreciated against a basket of developed market currencies. Concerns over US tapering and possible interest rate rises led to a selloff in emerging market bonds, which impacted demand for EM currencies. The strengthening of the Euro and Sterling over the course of the year also had an adverse effect on the strategy's performance.

Record's only live Multi-Strategy mandate, a combination of Forward Rate Bias, Emerging Market, Momentum and Value strategies, delivered modest positive performance over the period. Gains were led by returns in the Value and Momentum strategies, although these were partially offset by negative returns from the Emerging Markets strand and, to a lesser extent, the FRB strand.

Returns data for Currency for Return strategies

Fund Name	Gearing	Annual Return %	Return since inception % p.a.	Volatility since inception % p.a.
FTSE FRB 10 Index Fund[1]	**1.8**	**-3.94%**	**3.33%**	**7.68%**
Emerging Market Currency Fund[2]	**1**	**-2.95%**	**0.53%**	**7.37%**
Index /composite returns[3]		**Annual Return %**	**Return since inception % p.a.**	**Volatility since inception % p.a.**
Alpha composite[4]		**-1.04%**	**0.18%**	**2.67%**
FTSE Currency FRB10 GBP Excess return[5]		**-2.34%**	**2.58%**	**4.69%**
Currency value[6]		**3.74%**	**1.99%**	**2.77%**
Currency momentum[7]		**2.81%**	**3.17%**	**3.38%**
Record Multi Strategy[8]		**0.29%**	**2.29%**	**2.00%**

Gearing

The Currency for Return product group allows clients to pick the level of exposure they desire in their currency programmes. The pooled funds have historically offered clients a range of

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[1] FTSE FRB10 Index Fund return data is since inception in December 2010, GBP base.

[2] Emerging Market Currency Fund return data is since inception in December 2010, GBP base.

[3] All index/composite returns are shown on a gearing 1 basis

[4] Alpha Composite data is since January 2003, USD base.

[5] FTSE Currency FRB10 GBP Excess return data is since December 1987, GBP base.

[6] Currency value return data is since inception in July 2012, CAD base.

[7] Currency momentum return data is since inception in July 2012, CAD base.

[8] Record Multi Strategy return data is since inception in July 2012, CAD base.

gearing and target volatility levels. The segregated mandates allow clients to individually pick the level of gearing.

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

The Group has seen an aggregate increase in AUME of $17.1bn (+49%) to finish the year at AUME of $51.9bn compared with $34.8bn at the end of the previous year.

AUME development ($bn)

Opening AuME at 1 April 2013	Net client flows	Markets	FX effect	Closing AuME at 31 March 2014
34.8	+14.1	+0.4	+2.6	51.9

AUME movements result both from factors within Record’s control and external factors outside its control. External factors include exchange rates and the underlying asset value (usually equities) on which many segregated mandates are based. External factors accounted for a net increase of $3.0bn in AUME during the year, made up of:

(i) an increase of $0.4bn related to movements in global stock and other markets as many mandate sizes are linked to such markets;

(ii) an increase of $2.6bn due to changes in exchange rates over the period, which affects the conversion of non-US Dollar mandate sizes into US Dollar AUME. This movement does not have an equivalent impact on the Sterling value of fee income.

The Group has seen net inflows of $14.1bn from clients. Inflows from both new and existing clients totalled $18.4bn, and were offset by outflows of $4.3bn.

When expressed in Sterling, AUME increased by £8.2bn (+36%) to finish the year at £31.1bn (2013: £22.9bn). The split of AUME at the year end by base currency was 19% in Sterling, 60% in Swiss Francs, 15% in US Dollars, 5% in Euros and 1% in Canadian Dollars.

Dynamic Hedging AUME increased by 3% to $11.3bn (2013: $11.0bn), due to the combination of net inflows of $0.3bn, and growth in both the value of the underlying assets of $0.5bn plus the impact of movements in exchange rates of $0.5bn. These latter two movements were offset by the reclassification of a bespoke hybrid hedging and return-seeking mandate of $1bn from Dynamic Hedging to Currency for Return during the year.

Since the year end, the Group has announced the loss of a dynamic hedging programme with AUME totalling approximately $0.6 billion.

Passive Hedging AUME increased to $37.9bn, a 71% increase in the year (2013: +17%), principally due to the combination of two factors: net inflows of $13.7bn, in addition to movements in exchange rates of $2.1bn.

Record’s Currency for Return AUME was reported at $2.4bn (2013: $1.6bn) due principally to the mid-year reclassification of a bespoke hybrid hedging and return-seeking mandate, resulting in a reclassification of $1bn from Dynamic Hedging to Currency for Return. Included in the Currency for Return mandates are a small number of mandates for emerging market currencies totalling $0.8bn (2013: $0.8bn) and a single multi-strategy mandate of $0.3bn.

Product mix

Whilst there were gains in AUME in all of Record's core products, the largest gains were made in Passive Hedging which has had a notable effect on product mix. As a result, Passive Hedging now represents 73% (2013: 63%) of total AUME and Dynamic Hedging 22% (2013: 32%).

The consequence of this shift in the Hedging products is that together Currency for Return and Dynamic Hedging represented 27% of AUME (2013: 37%) being higher margin products compared to Passive Hedging now representing almost three quarters (73%) of total AUME.

At 31 March 2014 Record had 48 clients compared to 44 clients at the end of the prior year, a net gain of 4 clients over the year.

AUME composition by product (US Dollars)	**31 Mar 14**		**31 Mar 13**	
	US $bn	%	US $bn	%
Dynamic Hedging	11.3	22%	11.0	32%
Passive Hedging	37.9	73%	22.1	63%
Currency for Return	2.4	5%	1.6	5%
Cash	0.3	-%	0.1	-%
Total	**51.9**	**100%**	**34.8**	**100%**

AUME composition by product and base currency

	Dynamic Hedging		Passive Hedging		Currency for Return	
Base Currency	**31 Mar 14**	**31 Mar 13**	**31 Mar 14**	**31 Mar 13**	**31 Mar 14**	**31 Mar 13**
Sterling	GBP 2.3bn	GBP 1.8bn	GBP 3.6bn	GBP 3.6bn	-	-
US Dollar	USD 5.9bn	USD 6.5bn	USD 0.2bn	USD 0.1bn	USD 1.5bn	USD 0.6bn
Swiss Franc	CHF 1.4bn	CHF 1.4bn	CHF 25.7bn	CHF 14.1bn	CHF 0.6bn	CHF 1.5bn
Euro	-	-	EUR 1.9bn	EUR 1.4bn	-	-
Canadian Dollar	-	-	-	-	CAD 0.3bn	CAD 0.3bn

Infrastructure development

The Group has continued the development of its IT infrastructure during the year with implementation of a system upgrade to its key middle and back office system. This system, originally implemented in full during the previous financial year, is proving to be both flexible and robust. Greater flexibility in terms of the ability to employ new instruments and manage more bespoke products enhances our overall product offering to clients. The system also enhances our capability in ensuring adherence to new regulatory reporting requirements for both the Group and on behalf of our clients.

Financial review

Group revenue for the financial year was £19.9m, an increase of 7% year on year. The increase reflects the growth in management fees of 12% from £18.1m to £20.3m offset partly by losses on financial instruments employed by the seed funds and consolidated under IFRS.

The overall growth in management fees reflects both a full year's revenue from increases in client numbers and AUME reported last year, bolstered by part year effects of further mandate wins and AUME during this year. The shift in product mix towards the lower-margin Passive Hedging product continued during the year and average fee rates were further reduced by the amendment announced to Dynamic Hedging fee rates offered mid-year to both potential and existing clients.

Total expenditure increased by 8% to £13.4m. The increase was due to an increase of £0.5m in the Group Profit Share cost which is determined by operating profit, and increases in non-personnel costs of £0.5m.

Profit before tax increased by 7% to £6.5m.

Profit and loss (£m) – Year ended 31 March	**2014**	**2013**
Revenue	19.9	18.6
Cost of sales	(0.1)	(0.3)
Gross profit	19.8	18.3
Personnel (excluding Group Profit Share Scheme)	(6.1)	(6.0)
Non-personnel cost	(4.4)	(3.9)
Loss on financial instruments held as part of disposal group	-	(0.1)
Total expenditure (excl. Group Profit Share Scheme)	(10.5)	(10.0)
Group Profit Share Scheme	(2.9)	(2.4)
Operating profit	6.4	5.9
%	32%	32%
Net interest received	0.1	0.2
Profit before tax	6.5	6.1
Tax	(1.5)	(1.5)
Profit after tax	5.0	4.6

Revenue

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

Revenue analysis (£m)	2014	2013
Management fees	20.3	18.1
Other income	(0.4)	0.5
Total	**19.9**	**18.6**

Record charges 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 invoices management fees for some of its larger clients on a monthly basis.

Management fees

Management fee income earned during the year was £20.3m, an increase of 12% on the previous period (2013: £18.1m). Management fees from Passive Hedging grew to £5.7m for the year representing 28% of total fees. Dynamic Hedging fees are unchanged year on year at £11.9m, as additional revenues from new clients have been offset by fee reductions given in the period. Management fees earned from our Currency for Return products increased, primarily from increased participation from existing clients.

Management fees by product (£m)	2014	2013
Dynamic Hedging	11.9	11.9
Passive Hedging	5.7	4.1
Currency for Return	2.7	2.1
Total	**20.3**	**18.1**

During the year ended 31 March 2014, there has been an increase in new business enquiries and procurement processes, which has been accompanied by an increase in competitive activity. In order for the Group's Dynamic Hedging product to remain competitive for both new and existing clients, the decision was taken to decrease the fee rates on the Dynamic Hedging product during the year. The resulting reduction in margins on this product is intended to be more than compensated for by growth in volume in the longer-term.

Passive Hedging fee rates have remained steady through the period whilst Currency for Return rates have fallen slightly reflecting a change in mix of strategies employed as opposed to a change in actual fee rates for this product.

Average management fee rates by product – (bps)	**2014**	**2013**
Dynamic Hedging	16	18
Passive Hedging	3	3
Currency for Return	17	22

Performance fees

Historically, performance fees have been earned from some Currency for Return and Dynamic Hedging mandates. There are two active mandates that incorporate a performance fee component which are both Dynamic Hedging mandates. There was no performance fee earned in the year (2013: £nil).

Other income

Other income is principally from gains made on forward foreign exchange contracts employed by the funds seeded by the Group. It also includes gains/losses on hedging revenues denominated in currencies other than Sterling, and other foreign exchange gains/losses.

Expenditure

Operating Expenditure

The total operating expenditure of the Group was £13.4m, an increase of £1.0m (8%) during the year ended 31 March 2014. Non-personnel costs increased by £0.5m to £4.4m, as a result of costs linked to senior recruitment, training, consultancy and a full year of amortisation of our recently developed mid- and back-office system. Personnel costs rose marginally by £0.1m, to £6.1m.

Group Profit Share Scheme

The Group operates a Group Profit Share Scheme such that a long-term average of 30% of operating profit before Group Profit Share (GPS) is made available to be awarded to employees. The Remuneration Committee has agreed that for the year ended 31 March 2014, the Group Profit Share Scheme is 30% of pre-GPS operating profit. This represents £2.9m, an increase of £0.5m from the previous financial year. 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 these shares in the market following the announcement of interim and full year financial results.

Operating margin

The operating profit for the year ended 31 March 2014 of £6.4m was 8% higher than the operating profit for the previous financial year (2013: £5.9m). Consolidated operating margin remained at 32% year on year. Underlying operating margin increased to 33% (2013: 31%), excluding the effect of consolidating the seed funds.

Cash flow

The Group's year end cash position was £11.5m (2013: £29.0m). The cash generated from operating activities before tax was £6.7m (2013: £7.2m), with £1.6m paid in taxation and £4.9m paid in dividends. The Group also seeded a new sub-fund under the Dublin-based Record Umbrella Fund structure with £1m of own cash. At the year end, the Group held money market instruments with maturities between 3 and 12 months, worth £15.5m (2013: £nil). These instruments are managed as cash by the group but are not classified as cash under IFRS rules (see the financial statements for more details).

Cash held by the Record Currency - FTSE FRB10 Index fund, which was previously included in the consolidated Group's cash balance was deconsolidated during the period as a result of the fund obtaining sufficient external investment such that the Group was no longer required to consolidate the fund on a line-by-line basis. The impact of this deconsolidation was an adjustment to cash of -£1.9m.

Dividends

Shareholders received an interim dividend of 0.75p per share paid on 20 December 2013. The Board recommends paying a final dividend of 0.75p per share, equivalent to £1.6m. This would take the overall dividend to 1.50p per share (dividend paid in respect of year ended 31 March 2013: 1.50p per share).

Subject to shareholder approval, the dividend will be paid on 30 July 2014 to shareholders on the register on 27 June 2014, the ex-dividend date being 25 June 2014. The dividend cover in the year was 1.7 (2013: 1.3).

Financial stability and Capital management

The Group's financial position remains strong. Consolidated net assets stood at £32.9m (2013: £32.3m) at the end of the year represented predominantly by assets managed as cash of £27.0m (2013: £29.0m).

The Board's policy is to retain capital (being equivalent to shareholders' funds) within the business sufficient to meet continuing obligations, to sustain future growth and to provide a buffer against adverse market conditions. To this end the Group maintains a financial model to assist it in forecasting future capital requirements over a four-year time horizon under various scenarios. Shareholders' funds were £29.2m at 31 March 2014 (2013: £28.6m). The Group has no debt.

Consolidated statement of comprehensive income

Year ended 31 March

	Note	2014 £'000	2013 £'000
Revenue	3	19,922	18,552
Cost of sales		(86)	(221)
Gross profit		19,836	18,331
Administrative expenses		(13,412)	(12,343)
Loss on financial instruments held as part of disposal group		-	(68)
Operating profit	4	6,424	5,920
Finance income		113	158
Profit before tax		6,537	6,078
Taxation	6	(1,494)	(1,450)
Profit after tax and total comprehensive income for the year		5,043	4,628
Profit and total comprehensive income for the year attributable to:			
Non-controlling interests		(364)	294
Owners of the parent		5,407	4,334

Earnings per share for profit attributable to the equity holders of the Group during the year (expressed in pence per share)			
Basic earnings per share	7	2.48p	1.98p
Diluted earnings per share	7	2.47p	1.98p

Consolidated statement of financial position

As at 31 March

	Note	2014 £'000	2013 £'000
Non-current assets			
Property, plant and equipment	10	86	140
Intangible assets	11	734	963
Investments	12	2,754	-
Deferred tax assets	13	158	5
		3,732	1,108
Current assets			
Trade and other receivables	14	5,646	5,569
Derivative financial assets	15	198	43
Money market instruments with maturity > 3 months	16	15,488	-
Cash and cash equivalents	16	11,503	29,025
Total current assets		32,835	34,637
Total assets		36,567	35,745
Current liabilities			
Trade and other payables	17	(2,706)	(2,672)
Corporation tax liabilities	17	(832)	(760)
Derivative financial liabilities	15	(122)	(25)
Total current liabilities		(3,660)	(3,457)
Total net assets		32,907	32,288
Equity			
Issued share capital	18	55	55
Share premium account		1,838	1,838
Capital redemption reserve		20	20
Retained earnings		27,327	26,729
Equity attributable to owners of the parent		29,240	28,642
Non-controlling interest	20	3,667	3,646
Total equity		32,907	32,288

Consolidated statement of changes in equity

Year ended 31 March 2014

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total equity £'000
As at 1 April 2013	55	1,838	20	26,729	28,642	3,646	32,288
Profit and total comprehensive income for the year	-	-	-	5,407	5,407	(364)	5,043
Dividends paid	-	-	-	(4,898)	(4,898)	-	(4,898)
Own shares purchased by EBT	-	-	-	(171)	(171)	-	(171)
Release of shares held by EBT	-	-	-	104	104	-	104
Issue of units in funds to non-controlling interests	-	-	-	-	-	1,198	1,198
Divestment of non-controlling interest	-	-	-	-	-	(813)	(813)
Share option reserve movement	-	-	-	156	156	-	156
As at 31 March 2014	**55**	**1,838**	**20**	**27,327**	**29,240**	**3,667**	**32,907**

Year ended 31 March 2013

	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 2012	55	1,809	20	24,469	26,353	2,263	28,616
Profit and total comprehensive income for the year	-	-	-	4,334	4,334	294	4,628
Dividends paid	-	-	-	(1,645)	(1,645)	-	(1,645)
Own shares purchased by EBT	-	-	-	(686)	(686)	-	(686)
Release of shares held by EBT	-	29	-	197	226	-	226
Issue of units in funds to non-controlling interests	-	-	-	-	-	1,089	1,089
Share option reserve movement	-	-	-	60	60	-	60
As at 31 March 2013	**55**	**1,838**	**20**	**26,729**	**28,642**	**3,646**	**32,288**

Consolidated statement of cash flows

Year ended 31 March

	Note	2014 £'000	2013 £'000
Operating profit		6,424	5,920
Adjustments for:			
Profit on disposal of property, plant and equipment		(1)	-
Depreciation of property, plant and equipment	10	79	106
Amortisation of intangible assets	11	229	177
Share option expense		156	60
Release of shares previously held by EBT		-	226
		6,887	6,489
Changes in working capital			
Increase in receivables		(68)	(485)
Increase in payables		29	173
(Increase) / decrease in other financial assets		(231)	1,065
Increase / (decrease) in other financial liabilities		121	(23)
CASH INFLOW FROM OPERATING ACTIVITIES		**6,738**	**7,219**
Corporation taxes paid		(1,571)	(1,610)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**5,167**	**5,609**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		1	-
Purchase of property, plant and equipment		(25)	(63)
Purchase of securities		(1,114)	-
Purchase of money market instruments with maturity > 3 months		(15,488)	-
Decrease in cash due to accounting treatment of funds previously consolidated on line by line basis	16	(1,877)	-
Interest received		102	149
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES		**(18,401)**	**86**
CASH FLOW FROM FINANCING ACTIVITIES			
Cash inflow from issue of units in funds		677	1,089
Exercise of share options		104	-
Purchase of own shares		(171)	(686)
Dividends paid to equity shareholders		(4,898)	(1,645)
CASH OUTFLOW FROM FINANCING ACTIVITIES		**(4,288)**	**(1,242)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR		**(17,522)**	**4,453**
Cash and cash equivalents at the beginning of the year		29,025	24,572
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**11,503**	**29,025**

Closing cash and cash equivalents consists of:		
Cash	1,476	1,863
Cash equivalents	10,027	27,162
Cash and cash equivalents	**11,503**	**29,025**

Company statement of financial position

As at 31 March

	Note	2014 £'000	2013 £'000
Non-current assets			
Investments	12	3,378	2,364
		3,378	**2,364**
Current assets			
Trade and other receivables	14	146	1,663
Cash and cash equivalents	16	34	1,001
Total current assets		**180**	**2,664**
Total assets		**3,558**	**5,028**
Current liabilities			
Trade and other payables	17	(452)	(1,717)
Corporation tax liabilities	17	-	(25)
Total current liabilities		**(452)**	**(1,742)**
Total net assets		**3,106**	**3,286**
Equity			
Issued share capital	18	55	55
Share premium account		1,809	1,809
Capital redemption reserve		20	20
Retained earnings		1,222	1,402
Total equity		**3,106**	**3,286**

Company statement of changes in equity

Year ended 31 March 2014

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2013	**55**	**1,809**	**20**	**1,402**	**3,286**
Profit and total comprehensive income for the year	-	-	-	4,562	4,562
Dividends paid	-	-	-	(4,898)	(4,898)
Share option reserve movement	-	-	-	156	156
As at 31 March 2014	**55**	**1,809**	**20**	**1,222**	**3,106**

Year ended 31 March 2013

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2012	**55**	**1,809**	**20**	**1,443**	**3,327**
Profit and total comprehensive income for the year	-	-	-	1,544	1,544
Dividends paid	-	-	-	(1,645)	(1,645)
Share option reserve movement	-	-	-	60	60
As at 31 March 2013	**55**	**1,809**	**20**	**1,402**	**3,286**

Company statement of cash flows

Year ended 31 March

	2014 £'000	2013 £'000
Operating (loss) / profit	(345)	90
Changes in working capital		
Decrease / (increase) in receivables	1,515	(468)
(Decrease) / increase in payables	(1,265)	769
(Increase) / decrease in other financial assets	(858)	763
CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	**(953)**	**1,154**
Corporation taxes paid	(24)	-
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	**(977)**	**1,154**
CASH FLOW FROM INVESTING ACTIVITIES		
Dividends received	4,900	1,465
Interest received	8	11
NET CASH INFLOW FROM INVESTING ACTIVITIES	**4,908**	**1,476**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid to equity shareholders	(4,898)	(1,645)
CASH OUTFLOW FROM FINANCING ACTIVITIES	**(4,898)**	**(1,645)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR	**(967)**	**985**
Cash and cash equivalents at the beginning of the year	1,001	16
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**34**	**1,001**

Closing cash and cash equivalents consists of:		
Cash	34	1
Cash equivalents	-	1,000
Cash and cash equivalents	**34**	**1,001**

Notes to the financial statements for the year ended 31 March 2014

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.

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 the 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 2014. 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 are going concerns. 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 with 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 2013, with the remaining becoming effective in future periods. The new standards and amendments to existing standards effective for the year to 31 March 2014 have not had a material impact on the financial statements of Record plc, but the application of IFRS 13 has resulted in additional disclosures for financial instruments (refer to note 22).

New standards and interpretations

IFRS 9 “Financial Instruments” has yet to be endorsed by the EU and replaces the classification and measurement models for financial instruments in IAS 39 with two classification categories amortised cost and fair value. 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 entities controlled by the Company (its subsidiaries) drawn up to 31 March 2014. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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. The Group has 'de facto' control over this special purpose entity. This trust is fully consolidated within the accounts.

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. 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 accounts incorporate the financial performance of the seeded funds in the year ended 31 March 2014 and the financial position of the seeded funds as at 31 March 2014.

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 total comprehensive income for the year includes a profit of £4,561,908 attributable to the Company (2013: £1,543,196).

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 also the functional currency of the parent company. Foreign currency transactions are translated into the functional currency of the parent company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). 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.

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 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 based upon the assets under management equivalents (AUME). 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. Revenue attributable to the non-controlling interests' (NCI) holding in seed funds and other income arises mainly from gains / losses on derivative financial instruments. No performance fees were earned in either of the reported periods.

Revenue by product type	2014 £'000	2013 £'000
Management fees		
Dynamic Hedging	11,872	11,834
Passive Hedging	5,728	4,093
Currency for Return	2,671	2,134
Total management fee income	**20,271**	**18,061**
Revenue attributable to NCI holding in seed funds	(344)	454
Other income	(5)	37
Total revenue	**19,922**	**18,552**

(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	2014 £'000	2013 £'000
Management fee income		
UK	5,141	4,628
US	5,769	6,631
Switzerland	6,893	5,688
Other	2,468	1,114
Total management fee income	**20,271**	**18,061**
Revenue attributable to NCI holding in seed funds	(344)	454
Other income	(5)	37
Total revenue	**19,922**	**18,552**

Revenue attributable to NCI holding in seed funds and other income are 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 2014, two clients individually accounted for more than 10% of the Group's revenue during the year. The two largest clients generated revenues of £4.9m and £2.4m in the period (2013: two largest clients generated revenues of £5.6m and £2.0m).

4. Operating profit

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

	2014 £'000	2013 £'000
Staff costs	8,911	8,311
Depreciation of property, plant and equipment	80	106
Amortisation of intangibles	230	177
Auditor fees		
Fees payable to the Group's auditor for the audit of the Company's annual accounts	36	34
The audit of the Group's subsidiaries, pursuant to legislation	39	42
Other services pursuant to legislation	62	58
Other services relating to taxation	12	10
Operating lease rentals: Land and buildings	231	227
(Gains) / losses on forward FX contracts held to hedge cash flow	(173)	82
Other exchange losses / (gains)	326	(102)

5. Staff costs

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

	2014	2013
Client Team	10	8
Research	10	9
Portfolio Management	9	8
Trading	5	5
Operations	4	4
Reporting Services	6	8
Systems	4	4
Finance, Human Resources and Legal	6	7
Administration	1	1
Compliance	2	1
Corporate	9	9
Annual average	**66**	**64**

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

	2014 £'000	2013 £'000
Wages and salaries	6,273	5,987
Social security costs	905	815
Pension costs	412	450
Other employment benefit costs	1,321	1,059
Aggregate staff costs	**8,911**	**8,311**

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:

	2014 **£'000**	**2013** **£'000**
Profit before taxation	6,537	6,078
Taxation at the standard rate of tax in the UK of 23% (2013: 24%)	1,504	1,459
Tax effects of:		
Other disallowable expenses and non-taxable income	68	17
Capital allowances for the period lower than depreciation	24	6
Lower tax rates on subsidiary undertakings	(42)	24
Adjustments recognised in current year in relation to the current tax of prior years	(18)	24
Other temporary differences	(42)	(80)
Total tax expense	**1,494**	**1,450**

The standard rate of corporation tax in the UK for the year was 23% (2013: 24%). 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 2014 was £1,493,615 (2013: £1,450,457) which was 22.9% of profit before tax (2013: 23.9%).

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.

	2014	2013
Weighted average number of shares used in calculation of basic earnings per share	217,778,666	218,867,407
Effect of potential dilutive ordinary shares – share options	893,900	273,830
Weighted average number of shares used in calculation of diluted earnings per share	218,672,566	219,141,237
	pence	**pence**
Basic earnings per share	2.48	1.98
Diluted earnings per share	2.47	1.98

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 and deferred share awards in place at the beginning of the period over 4,120,000 shares. During the year 325,000 options were exercised, and a further 400,000 share options were forfeited. The Group granted 3,560,000 share options with a potentially dilutive effect during the year.

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 2014 totalled £4,897,875 (2.25p per share) which comprised a final dividend in respect of the year ended 31 March 2013 of £3,263,625 (1.5p per share) and an interim dividend for the year ended 31 March 2014 of £1,634,250 (0.75p per share). The dividends paid during the year ended 31 March 2013 totalled £1,645,143 (0.75p per share) being the final dividend paid in respect of the year ended 31 March 2012.

The final dividend proposed in respect of the year ended 31 March 2014 is 0.75p per share.

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 £412,357 (2013: £449,915).

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 acquisition to the earlier of the lease termination date and the next rent review date*
- *Computer equipment - 2-5 years*
- *Fixtures and fittings - 4 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:

2014	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2013	534	721	270	1,525
Additions	-	22	3	25
Disposals	-	(22)	(1)	(23)
At 31 March 2014	534	721	272	1,527
Depreciation				
At 1 April 2013	534	582	269	1,385
Charge for the year	-	77	2	79
Disposals	-	(22)	(1)	(23)
At 31 March 2014	534	637	270	1,441
Net book amounts				
At 31 March 2014	-	84	2	86
At 1 April 2013	-	139	1	140

2013	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2012	534	716	269	1,519
Additions	-	62	1	63
Disposals	-	(57)	-	(57)
At 31 March 2013	534	721	270	1,525
Depreciation				
At 1 April 2012	534	537	265	1,336
Charge for the year	-	102	4	106
Disposals	-	(57)	-	(57)
At 31 March 2013	534	582	269	1,385
Net book amounts				
At 31 March 2013	-	139	1	140
At 1 April 2012	-	179	4	183

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 - 5 years*

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

The Group's intangible assets comprise the capitalised cost of software development only. The carrying amounts can be analysed as follows:

2014	Software £'000	Total £'000
Cost		
At 1 April 2013	1,150	1,150
Additions	-	-
Disposals	-	-
At 31 March 2014	1,150	1,150
Amortisation		
At 1 April 2013	187	187
Charge for the year	229	229
Disposals	-	-
At 31 March 2014	416	416
Net book amounts		
At 31 March 2014	734	734
At 1 April 2013	963	963

2013	Software £'000	Total £'000
Cost		
At 1 April 2012	1,150	1,150
Additions	-	-
Disposals	-	-
At 31 March 2013	1,150	1,150
Amortisation		
At 1 April 2012	10	10
Charge for the year	177	177
Disposals	-	-
At 31 March 2013	187	187
Net book amounts		
At 31 March 2013	963	963
At 1 April 2012	1,140	1,140

Intangible assets are comprised of 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 £136,071 (2013: £132,494). All amortisation charges are included within administrative expenses.

12. Investments

Group

The Group holds certain securities through its seeded fund vehicles. These securities are designated as fair value through profit and loss and the fair value is determined by reference to quoted market prices. Investments in funds which are not consolidated on a line by line basis are designated as fair value through profit or loss.

Investments	**2014** **£'000**	**2013** **£'000**
Record Currency FTSE FRB10 Index Fund	1,120	-
US government treasury inflation protected securities ("TIPS")	1,634	-
	2,754	**-**

The Record Currency - FTSE FRB10 Index Fund was consolidated into the Group accounts on a line by line basis until 28 February 2014. After this date the Group ceased to control the fund as a result of a significant investment in the fund by an external investor. There was no gain or loss arising on the transaction. The Group ceased to consolidate the fund from this time, and its own investment in the fund is now measured at fair value.

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.

	2014 **£'000**	**2013** **£'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 Currency Management (Jersey) Limited	-	25
Record Fund Management Limited	-	-
N P Record Trustees Limited	-	-
Total investment in subsidiaries (at cost)	30	55
Capitalised investment in respect of share-based payments		
Record Currency Management (US) Inc.	66	49
Record Group Services Limited	184	46
Total capitalised investment in respect of share-based payments	250	95
Total investment in subsidiaries	280	150

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 Currency Management (Jersey) Limited	Dissolved 21 November 2013
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, Record Currency Management (Jersey) Limited was incorporated in Jersey until dissolution in November 2013, and all other subsidiaries are registered in England and Wales.

Investment in funds

In December 2010, the Company invested in the Record Currency - FTSE FRB10 Index Fund and the Record Currency Emerging Market Currency Fund. Initially, these were both accounted for as a disposal group held for sale. In both cases, the Group still retained control over each of the funds twelve months after making the original investment. Consequently both funds ceased to be classified as held for sale and were consolidated in full, on a line by line basis.

The Group has retained control of the Record Currency - Emerging Market Currency Fund through the period, and it remains consolidated in full, on a line by line basis in the Group's accounts. The Group ceased to control the Record Currency - FTSE FRB10 Index Fund from 1 March 2014 and no longer consolidates this fund on a line by line basis.

The Company made a further investment in the Record Currency - Global Alpha Fund in May 2013. This fund is consolidated in full, on a line by line basis.

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

Investment in funds	**2014** **£'000**	**2013** **£'000**
Record Currency - FTSE FRB10 Index Fund	1,120	1,166
Record Currency - Emerging Market Currency Fund	1,017	1,048
Record Currency - Global Alpha Fund	961	-
	3,098	**2,214**

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.

	2014 £'000	2013 £'000
Profit and loss account movement arising during the year	153	20
Asset / (Liability) brought forward	5	(15)
Asset carried forward	**158**	**5**

The provision for deferred taxation consists of the tax effect of temporary differences in respect of:

	2014 £'000	2013 £'000
Deferred tax allowance on unvested share options	159	30
Excess of taxation allowances over depreciation on fixed assets	(1)	(25)
	158	**5**

At the year end the Group had deferred tax assets of £157,908 (2013: £5,316). At the year end there were share options not exercised with an intrinsic value for tax purposes of £755,687 (2013: £143,094). 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 "other expenses".

	Group		Company	
	2014 £'000	**2013 £'000**	**2014 £'000**	**2013 £'000**
Trade receivables	4,431	4,825	-	-
Amounts due from Group undertaking	-	-	146	1,661
Accrued income	518	-	-	-
Other receivables	51	40	-	2
Prepayments	646	704	-	-
	5,646	**5,569**	**146**	**1,663**

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 of receivables in the year ended 31 March 2014. The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is £nil (2013: 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 its seeded investment 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	**2014 £'000**	**2013 £'000**
Forward foreign exchange contracts held to hedge cash flow	7	-
Forward foreign exchange contracts held for trading	153	43
Foreign exchange options held for trading	38	-
Total derivative financial assets	198	43

Derivative financial liabilities	**2014 £'000**	**2013 £'000**
Forward foreign exchange contracts held to hedge cash flow	(3)	(25)
Forward foreign exchange contracts held for trading	(33)	-
Short foreign exchange option positions held for trading	(86)	-
Total derivative financial liabilities	(122)	(25)

Derivative financial instruments held to hedge cash flow

At 31 March 2014 there were outstanding contracts with a principal value of £3,198,193 (31 March 2013: £2,875,764) 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 2014. 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	2014 £'000	2013 £'000
Net gain / (loss) on forward foreign exchange contracts at fair value through profit or loss	173	(82)

Derivative financial instruments held for trading

Two of the funds seeded by Record (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 Global Alpha Fund uses 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 - 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 until the fund was deconsolidated from the Group on 1 March 2014.

At 31 March 2014 there were outstanding contracts with a principal value of £26,387,218 (31 March 2013: £13,893,809).

The net gain or loss on derivative financial instruments held for trading is as follows:

Derivative financial instruments held for trading	2014 £'000	2013 £'000
Net (loss) / gain on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	(283)	454

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 deposit 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.

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Bank deposits with maturities > 3 months	14,989	-	-	-
Treasury bills with maturity > 3 months	499	-	-	-
Money market instruments with maturities > 3 months	**15,488**	**-**	**-**	**-**
Cash	1,476	1,863	34	1
Bank deposits with maturities <= 3 months	10,027	27,162	-	1,000
Cash and cash equivalents	**11,503**	**29,025**	**34**	**1,001**
Total assets managed as cash	**26,991**	**29,025**	**34**	**1,001**

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Cash and cash equivalents – Sterling	10,827	28,529	34	1,001
Cash and cash equivalents – other currencies	676	496	-	-
	11,503	**29,025**	**34**	**1,001**

Since 31 December 2011, the Group cash and cash equivalents balance has incorporated the cash held by the Record Currency - FTSE FRB10 Index Fund and the Record Currency - Emerging Market Currency Fund (refer to note 12 for explanation of accounting treatment). At 31 March 2014, the Group no longer had control over the Record Currency – FTSE FRB10 Index Fund and therefore there has been a decrease in cash arising from the deconsolidation of £1,876,718. In May 2013 Record plc seeded the Record Currency - Global Alpha Fund with an investment of £1,000,000 and at 31 March 2014 the Group had control over this fund. Therefore the cash and cash equivalents held by the Record Currency - Global Alpha Fund have been incorporated above. As at 31 March 2014, the cash and cash equivalents held by the seed funds over which the Group had control totalled £3,434,805 (31 March 2013: £5,863,175) and the money market instruments with maturities > 3 months held by these funds were £499,179 (31 March 2013: £nil).

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	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade payables	304	277	-	-
Amounts owed to Group undertaking	-	-	447	1,717
Other payables	1	1	5	-
Other tax and social security	304	285	-	-
Accruals	2,097	2,109	-	-
	2,706	2,672	452	1,717

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

Current tax liabilities

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Corporation tax	832	760	-	25

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. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

	2014		2013	
	£'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 2012	2,028,432
Adjustment for net purchases by EBT	1,777,376
Record plc shares held by EBT as at 31 March 2013	**3,805,808**
Adjustment for net purchases by EBT	68,175
Record plc shares held by EBT as at 31 March 2014	**3,873,983**

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 2014 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.

The Group fulfils its obligations arising from both schemes 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 a cash 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. 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. Shares awarded under the Profit Share Scheme do not include any vesting restrictions but rather restrictions over subsequent sale and transfer. All shares 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 claw back 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 listing on the London Stock Exchange were determined using quoted share prices.

The Record plc Share Scheme (the "Share Scheme") was adopted by the Company on 1 August 2008 and was initially created to allow deferred share awards to be granted to new senior employees.

During 2011, the Share Scheme was amended to include the ability to grant HMRC approved options ("Approved Options") to employees of Record plc or its subsidiaries whilst retaining the ability to grant unapproved options ("Unapproved Options"). The exercise price per share of Approved Options must be no lower than the market value of a share on the dealing day immediately preceding the date of grant. 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 may be granted with any exercise price (including £nil), but have recently been granted with a market-value exercise price in the same way as for the Approved Options.

Options over an aggregate of 3,560,000 shares were granted under the Share Scheme during the year (2013: 2,220,000), of which 2,945,000 shares were made subject to Unapproved Options (2013: 410,000) and 615,000 to Approved Options (2013: 1,810,000). All options were granted with an exercise price per share equal to the share price prevailing at the time of grant. The Approved Options become exercisable on the fourth anniversary of grant, subject to the employee remaining in employment with the Group and to the extent a performance condition based on the Company's total shareholder return in comparison with a relevant peer group has been met. The Unapproved Options issued on 27 September 2013 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 personal performance conditions have been satisfied. The Unapproved Options issued on 18 November 2013 to the Chief Executive Officer, James Wood-Collins, 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.

Options without performance conditions are valued using the Black-Scholes method, options with performance conditions are valued using a risk-neutral Monte Carlo valuation. Expected volatilities used are based on historic volatilities.

The Group share-based payment expense in respect of the Share Scheme was £155,625 in the year ended 31 March 2014 (2013: 60,311).

Outstanding share options

At 31 March 2014, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 6,955,000 (2013: 4,120,000). 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 2013**	**Granted**	**Exercised**	**Lapsed**	**At 31 March 2014**	**Earliest vesting date**	**Latest vesting date***	**Exercise price**
08/08/11	**1,000,000**	-	(250,000)	**-**	**750,000**	08/08/13	08/08/15	£0.3180
08/08/11	**300,000**	-	(75,000)	**-**	**225,000**	08/08/13	08/08/15	£0.3225
02/12/11	**600,000**	-	-	**-**	**600,000**	02/12/15	02/12/15	£0.1440
18/12/12	**1,810,000**	-	-	(195,000)	**1,615,000**	18/12/16	18/12/16	£0.3098
18/12/12	**410,000**	-	-	(205,000)	**205,000**	18/12/13	18/12/16	£0.3098
27/09/13	**-**	615,000	-	-	**615,000**	27/09/17	27/09/17	£0.3085
27/09/13	**-**	1,545,000	-	**-**	**1,545,000**	27/09/14	27/09/17	£0.3085
18/11/13	**-**	1,400,000	-	**-**	**1,400,000**	18/11/16	18/11/18	£0.3000
Total options	**4,120,000**	**3,560,000**	**(325,000)**	**(400,000)**	**6,955,000**			
Weighted average exercise price of options	**£0.29**	**£0.31**	**£0.32**	**£0.31**	**£0.29**			

*Note that under the terms of the deeds of grants, options are exercisable for a specified period of time following the vesting date.

During the year 325,000 options granted on 8 August 2011 were exercised. The share price at date of exercise was £0.37. At 31 March 2014 a total of 376,250 options had vested and were exercisable.

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

	Ordinary shares held as at	
	31 March 2014	31 March 2013
Record plc Group Profit Share Scheme (interest in restricted share awards)		
James Wood-Collins	1,272,732	1,180,824
Leslie Hill	278,748	253,078
Bob Noyen	292,022	253,078
Steve Cullen	67,173	58,026
Record plc Share Scheme (interest in unvested share options)		
James Wood-Collins	1,400,000	-
Steve Cullen	75,000	75,000

Performance measures

The Approved Option Scheme includes certain performance criteria. At vesting date, a percentage of the total options granted will vest according to the median total shareholder return (TSR) as measured against the FTSE 350 General Financial – Price Index. The performance target table is given below:

Percentage by which Record's TSR is below the median TSR performance of the Index	Percentage of option which vests
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%

The Unapproved Option Scheme relating to grants of options to board directors includes certain performance criteria and claw back provisions. At vesting date, a percentage of the total options granted will vest according to the average growth in Earnings Per Share (EPS) over a three year period, as follows:

Record's 3 year 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%

These Unapproved Options are subject to claw back provisions allowing 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 claw back provisions allow the Group to take various steps until the claw back 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.

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 31,143 free shares to employees. The expense charged in respect of the SIP was £10,865 in the year ended 31 March 2014 (2013: £7,408).

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 holding. 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 2014.

The Record Currency - Emerging Market Currency Fund was considered to be under control of the Group through holding a majority interest throughout the period and the Record Currency

Global Alpha Fund was considered to be under control of the Group through holding a majority interest from its inception (in May 2013) onwards.

The mark to market value of the units held by other investors in these funds represents the only non-controlling interests in the Group.

The Record Currency - FTSE FRB10 Index Fund was considered to be under control of the Group from the beginning of the period until 28 February 2014, when new external investment meant that Record no longer held a majority interest.

Mark to market value of external holding in seeded funds consolidated into the accounts of the Record Group

	2014 £'000	2013 £'000
Record Currency - FTSE FRB10 Index Fund	-	871
Record Currency - Emerging Market Currency Fund	2,488	2,775
Record Currency - Global Alpha Fund	1,179	-
	3,667	**3,646**

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 seeded funds, and balances due to/from Group undertakings. 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 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	2014 £'000	2013 £'000
Investment in Record Currency – FTSE FRB10 Index fund	1,120	-
Securities (TIPS)	1,634	-
Trade receivables	4,431	4,825
Accrued income	518	-
Other receivables	51	40
Other financial assets at fair value through profit or loss	198	43
Money market instruments with maturities > 3 months	15,488	-
Cash and cash equivalents	11,503	29,025
	34,943	**33,933**

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 2014	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	4,431	4,226	205	-
Accrued income	518	518	-	-
	4,949	**4,744**	**205**	**-**
		96%	*4%*	*0%*

At 31 March 2013	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	4,825	4,751	74	-
		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 until the reporting date. The application of this policy generally results in debts between 0-3 months overdue not being provided for unless individual circumstances indicate that a debt is impaired.

Trade receivables are made up of 42 debtors' balances (2013: 36). The largest individual debtor corresponds to 20% of the total balance (2013: 31%). Debtor days, based on the generally accepted calculation of debtor days, is 80 days (2013: 95). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2014 only 4%

of debt was overdue (2013: 2%) and the Directors consider this to be fully recoverable. 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 24 days (2013: 21 days).

Contractual maturity analysis for financial liabilities:

At 31 March 2014	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 and other payables	305	305	-	-
Accruals	2,097	146	1,080	871
Derivative financial liabilities	122	110	8	4

At 31 March 2013	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 and other payables	278	278	-	-
Accruals	2,109	449	810	850
Derivative financial liabilities	25	-	25	-

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 used 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.

Interest rate profiles

At 31 March 2014	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Investment in Record Currency – FTSE FRB10 Index fund	-	-	1,120	1,120
Securities (TIPS)	-	1,634	-	1,634
Trade receivables	-	-	4,431	4,431
Accrued income	-	-	518	518
Other receivables	-	-	51	51
Derivative financial assets at fair value through profit or loss	-	-	198	198
Money market instruments with maturities > 3 months	15,488	-	-	15,488
Cash and cash equivalents	10,027	1,476	-	11,503
Total financial assets	**25,515**	**3,110**	**6,318**	**34,943**
Financial liabilities				
Trade and other payables	-	-	(305)	(305)
Accruals	-	-	(2,097)	(2,097)
Derivative financial liabilities at fair value through profit or loss	-	-	(122)	(122)
Total financial liabilities	**-**	**-**	**(2,524)**	**(2,524)**

At 31 March 2013	Fixed rate £’000	Floating rate £’000	No interest rate £’000	Total £’000
Financial assets				
Trade receivables	-	-	4,825	4,825
Other receivables	-	-	40	40
Derivative financial assets at fair value	-	-	43	43
Cash and cash equivalents	27,162	1,863	-	29,025
Total financial assets	**27,162**	**1,863**	**4,908**	**33,933**
Financial liabilities				
Trade and other payables	-	-	(278)	(278)
Accruals	-	-	(2,109)	(2,109)
Derivative financial liabilities at fair value through profit or loss	-	-	(25)	(25)
Total financial liabilities	**-**	**-**	**(2,412)**	**(2,412)**

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 fair value of the forward foreign exchange contracts held to hedge cash flow at 31 March 2014 was a net asset of £3,317 (2013: liability of £24,610). Gains on the forward foreign exchange contracts were £172,978 in the year (2013: loss of £82,288). The future transactions relating to the forward foreign exchange contracts are expected to occur within the next three months. Changes in the fair values of forward foreign exchange contracts are recognised directly in profit or loss.

The Group is exposed to foreign currency risk on sales and cash holdings that are denominated in a currency other than Sterling. The principal currencies giving rise to this risk are the US Dollar, the Swiss Franc, the Euro and the Canadian Dollar.

In the year ended 31 March 2014, the Group invoiced the following amounts in currencies other than Sterling:

	Local currency value ‘000	Value in reporting currency £’000
US Dollar (USD)	12,783	7,954
Swiss Franc (CHF)	8,342	5,712
Canadian Dollar (CAD)	660	386
Euro (EUR)	736	620
		14,672

The value of revenues for the year ended 31 March 2014 that were denominated in currencies other than Sterling was £14.7 million (74% of total revenues). For the year ended 31 March 2013: £13.5 million (73% of total revenues).

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

Foreign currency risk - sensitivity analysis

The Group has considered the sensitivity to exchange rate movements by considering the impact on those revenues and costs denominated in foreign currencies as experienced in the given period. The sensitivity analyses below do not consider the impact of exchange rate movements on the underlying portfolios of our clients which would affect the quantum of fees earned.

	Impact on Profit After Tax for the year ended 31 March		**Impact on Total Equity as at 31 March**	
	2014 **£'000**	**2013** **£'000**	**2014** **£'000**	**2013** **£'000**
10% weakening in the £/$ exchange rate	520	618	520	618
10% strengthening in the £/$ exchange rate	(520)	(618)	(520)	(618)
10% weakening in the £/CHF exchange rate	295	355	295	355
10% strengthening in the £/CHF exchange rate	(295)	(355)	(295)	(355)

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 both on a historical basis and market expectations for future movement. When applied to the average Sterling/USD exchange rate of $1.56/£ this would result in a weakened exchange rate of $1.42/£ and a strengthened exchange rate of $1.74/£.

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 both on a historical basis and market expectations for future movement. When applied to the average Sterling/CHF exchange rate of CHF1.46/£ this would result in a weakened exchange rate of CHF1.33/£ and a strengthened exchange rate of CHF1.62/£.

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.

FTSE FRB10 Index Fund

The Group seeded a product in December 2010, which is a fund that tracks the FTSE Currency FRB10 Index by holding a portfolio of developed market currency deliverable forward exchange contracts. As Record plc exerted control over the fund from inception until 28 February 2014, it was consolidated into the Group's primary statements until 28 February 2014. The net assets of the fund at 31 March 2013 were £2,037,488. Since 1 March 2014 the Group has not exerted control over the fund, and has therefore recognised its holding in the fund as an investment. The fair value of the Group's investment at 31 March 2014 was £1,120,400. The Group has provided the following data in respect of sensitivity to this product:

	Impact on Profit After Tax for the year ended		Impact on Total Equity as at	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£'000	£'000	£'000	£'000
10% depreciation in the FTSE Currency FRB10 Index	(60)	(124)	(60)	(124)
10% appreciation in the FTSE Currency FRB10 Index	60	124	60	124

The impact of a change to the index of 10% has been selected as this is considered reasonable given the current level of the index and the volatility observed on a historical basis and expectations for future movement.

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 2014 were £3,505,641 (2013: £3,823,603). The Group has provided the following data in respect of sensitivity to this product:

	Impact on Profit After Tax for the year ended		Impact on Total Equity as at	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£'000	£'000	£'000	£'000
10% depreciation in the Emerging Market portfolio	(418)	(468)	(418)	(468)
10% appreciation in the Emerging Market portfolio	418	468	418	468

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 both on a historical basis and expectations for future movement in emerging markets.

Global Alpha Fund

The Group seeded a product in May 2013 called the Record Currency - Global Alpha Fund, which manages a portfolio of derivative financial instruments including forward exchange contracts, options and futures 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 2014 were £2,138,582 (2013: £nil). The Group has provided the following data in respect of sensitivity to this product:

	Impact on Profit After Tax for the year ended		Impact on Total Equity as at	
	31 March 2014	31 March 2013	31 March 2013	31 March 2013
	£'000	£'000	£'000	£'000
18% depreciation in the Global Alpha portfolio	(184)	N/a	(184)	N/a
18% appreciation in the Global Alpha portfolio	184	N/a	184	N/a

The impact of a change to the portfolio value of 18% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and expectations for future movement (the target maximum annual drawdown rate is 18%).

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:

	2014	Level 1	Level 2	Level 3
	£'000	**£'000**	**£'000**	**£'000**
Financial assets at fair value through profit or loss				
TIPS	1,634	1,634	-	-
Investment in seed fund	1,120	1,120	-	-
Forward foreign exchange contracts used for seed funds	153	-	153	-
Options used for seed funds	38	-	38	-
Forward foreign exchange contracts used for hedging	7	-	7	-
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for seed funds	(33)	-	(33)	-
Options used for seed funds	(86)	-	(86)	-
Forward foreign exchange contracts used for hedging	(3)	-	(3)	-
	2,830	**2,754**	**76**	**-**

	2013	Level 1	Level 2	Level 3
	£'000	**£'000**	**£'000**	**£'000**
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts used for seed funds	43	-	43	-
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(25)	-	(25)	-
	18	**-**	**18**	**-**

There have been no transfers between levels in the reporting period (2013: 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

	Note	Loans and receivables	Financial liabilities measured at amortised cost	Assets at fair value through profit or loss	Liabilities at fair value through profit or loss
At 31 March 2014		**£'000**	**£'000**	**£'000**	**£'000**
Securities (TIPS)	12	-	-	1,634	-
Investment in Record Currency – FTSE FRB10 Index Fund	12	-	-	1,120	-
Trade and other receivables (excludes prepayments)	14	5,000	-	-	-
Money market instruments with maturities > 3 months	16	15,488	-	-	-
Cash and cash equivalents	16	11,503	-	-	-
Derivative financial assets at fair value through profit or loss	15	-	-	198	-
Current trade and other payables	17	-	(305)	-	-
Accruals	17	-	(2,097)	-	-
Derivative financial liabilities at fair value through profit or loss	15	-	-	-	(122)
		31,991	**(2,402)**	**2,952**	**(122)**

	Note	Loans and receivables	Financial liabilities measured at amortised cost	Assets at fair value through profit or loss	Liabilities at fair value through profit or loss
At 31 March 2013		**£'000**	**£'000**	**£'000**	**£'000**
Trade and other receivables (excludes prepayments)	14	4,865	-	-	-
Cash and cash equivalents	16	29,025	-	-	-
Other financial instruments at fair value through profit or loss	15	-	-	43	(25)
Current trade and other payables	17	-	(278)	-	-
Accruals	17	-	(2,109)	-	-
		33,890	**(2,387)**	**43**	**(25)**

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 lease on new premises at Morgan House, Madeira Walk, Windsor, Berkshire. This lease expires on 19 June 2016. The annual commitment under this lease is £229,710 (2013: £229,710).

The Group has considered the risks and rewards of ownership of the leased property, and considers that they remain with the lessor; consequently, this lease is recognised as an operating lease.

At 31 March 2014 the Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	2014 £'000	2013 £'000
Not later than one year	230	230
Later than one year and not later than five years	287	517
	517	**747**

24. 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.

	2014 £'000	2013 £'000
Amounts due from subsidiaries	146	1,661
Amounts due to subsidiaries	(447)	(1,717)
Interest received from subsidiaries on intercompany loan balances	5	9
Net dividends received from subsidiaries	4,900	1,465

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 (2013: £nil). During the year, as a result of the dissolution of Record Currency Management (Jersey) Limited, Record plc wrote off an intercompany loan balance due from Record Currency Management (Jersey) Limited with a total of £228,530. No other expense has been recognised during the period in respect of bad or doubtful debts due from related parties (2013: £nil).

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 – Global Alpha Fund and Record Currency – Emerging Market Currency Fund are both related parties on this basis. The only transaction between the Company and these two funds during the year was the initial seed investment of £1 million into the Record Currency – Global Alpha Fund. Similarly, the Record Currency – FTSE FRB10 Index Fund was a related party until Record plc ceased to have the majority interest as a result of a significant external investment into the fund which diluted Record plc's holding; there was no transaction between the Company and this fund during the year.

Group

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

The compensation given to key management personnel is as follows:

	2014 £'000	2013 £'000
Short-term employee benefits	3,651	3,435
Post-employment benefits	263	289
Share-based payments	1,052	901
Dividends	2,504	873
	7,470	5,498

Directors' remuneration

	2014 £'000	2013 £'000
Emoluments[11] (excluding pension contribution)	2,136	2,159
Gains made on exercise of share options	-	9
Pension contribution[12]	140	186
Aggregate emoluments of the Directors	**2,276**	**2,354**

During the year, four Directors of the Company (2013: five) participated in the Group Personal Pension Plan, a defined contribution scheme.

25. 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 its 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.

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 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.

26. Ultimate controlling party

As at 31 March 2014 the Company had no ultimate controlling party, nor at 31 March 2013.

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[11] Excludes termination payment made to Paul Sheriff.

[12] Includes payments made in lieu of pension contributions.

27. Post reporting date events

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

28. Statutory Accounts

This statement was approved by the Board on 16 June 2014. The financial information set out above does not constitute the Company's statutory accounts.

The statutory accounts for the financial year ended 31 March 2013 have been delivered to the Registrar of Companies, and those for the year ended in 31 March 2014 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.

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.