PRESS RELEASE

Record plc

13 June 2019

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

Record plc, the specialist currency manager, today announces its audited results for the year ended 31 March 2019, reporting growth in revenue, profit and earnings for the year.

Financial headlines:

- *Revenue growth of 5% to £25.0m (2018: £23.8m)*
- *Growth in Profit Before Tax (PBT) of 9% to £8.0m (2018: £7.3m)*
- *Operating profit margin increased to 32% (2018: 31%)*
- *AUME[1] $57.3bn at 31 March 2019 (down 8% for the year)*
- *AUME £44.0bn at 31 March 2019 (down 1% for the year)*
- *Robust financial position with increased net assets of £27.4m at 31 March 2019 (2018: £26.6m)*
- *Basic EPS increased by 8% to 3.27p per share (2018: 3.03p)*
- *Proposed final ordinary dividend of 1.15p per share; total ordinary dividend of 2.30p per share (2018: 2.30p) for the year*
- *Increase of 38% in special dividend for the year to 0.69p per share (2018: 0.50p)*

Key developments:

- *Economic, political and market environments provide opportunities to engage with current and potential clients across a broad spectrum of products*
- *Innovation continues through responding to client demand, market opportunities and new technologies*
- *Development of currency-based ESG factors and application to strategies*
- *Expansion of Record's North American office through the strengthening of the client and research teams based in New York*
- *Performance fees for the year of £2.3 million*
- *Continued focus on controlling costs and increasing productivity to protect operating margins*

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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:

“We are pleased that our continued focus on product innovation and enhancement, coupled with flexibility in response to client demand, has resulted in growth in Group revenue, profit and earnings for the year.

“The landscape continues to be one of uncertainty linked to political issues around the world. The lack of clarity over the eventual outcome of the UK’s departure from the EU continues, alongside an escalation of international trade disputes and continued Eurozone tensions give rise to concerns over the outlook for the global economy.

“This backdrop has proved useful in stimulating interest from current and potential clients for high quality and bespoke currency management solutions. Record is well placed to respond to such demand, given our diverse suite of currency services and wide spread of business development expertise in our core markets. We have widened our reach through growing our presence and offices in the UK, Switzerland and the US over recent years.

“Advances in technology are changing the way in which financial markets operate. Such changes provide opportunities to ensure we continue to provide the highest level of client service, whilst improving productivity and efficiency. We cannot afford to neglect these advancements and will continue to monitor all such opportunities in terms of the real benefits offered, both for our clients and for the business in maintaining its competitive advantages.

“We continue to invest in our talented people without whom we would not succeed in delivering the highest possible levels of innovation and service to our clients, nor in growing value for our shareholders over the longer term.”

Analyst briefing

There will be a presentation for analysts at 9.30am on Thursday 13 June 2019 at Cenkos plc offices: 6-8 Tokenhouse Yard, London, EC2R 7AS. A copy of the presentation will be made available on the Group's website at www.recordcm.com.

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Consolidated statement of comprehensive income

Year ended 31 March

	2019 £'000	2018 £'000
Revenue	**24,973**	**23,834**
Cost of sales	(385)	(311)
Gross profit	**24,588**	**23,523**
Administrative expenses	(16,704)	(16,424)
Other income or expense	(8)	173
Operating profit	**7,876**	**7,272**
Finance income	135	66
Finance expense	(22)	(10)
Profit before tax	**7,989**	**7,328**
Taxation	(1,559)	(1,182)
Profit after tax and total comprehensive income for the year	**6,430**	**6,146**
Profit and total comprehensive income for the year attributable to		
Owners of the parent	6,430	6,146
Non-controlling interests	-	-
Earnings per share for profit attributable to the equity holders of the Group during the year		
Basic earnings per share	3.27p	3.03p
Diluted earnings per share	3.25p	2.98p

Consolidated statement of financial position

As at 31 March

	2019 £'000	2018 £'000
Non-current assets		
Intangible assets	288	228
Property, plant and equipment	761	910
Investments	1,112	1,115
Deferred tax assets	-	86
Total non-current assets	**2,161**	**2,339**
Current assets		
Trade and other receivables	7,562	6,775
Derivative financial assets	164	266
Money market instruments with maturities > 3 months	10,735	10,198
Cash and cash equivalents	12,966	12,498
Total current assets	**31,427**	**29,737**
Total assets	**33,588**	**32,076**
Current liabilities		
Trade and other payables	(2,736)	(2,630)
Corporation tax liabilities	(692)	(399)
Financial liabilities	(2,621)	(2,467)
Derivative financial liabilities	(109)	(29)
Total current liabilities	**(6,158)**	**(5,525)**
Deferred tax liabilities	**(29)**	**-**
Total net assets	**27,401**	**26,551**
Equity		
Issued share capital	50	50
Share premium account	2,243	2,237
Capital redemption reserve	26	26
Retained earnings	25,022	24,238
Equity attributable to owners of the parent	**27,341**	**26,551**
Non-controlling interests	60	-
Total equity	**27,401**	**26,551**

Chairman's statement

"The environment in which Record operates challenges us to continue to enhance existing products and services, and also to innovate. Record has the people and resources to do so."

We have continued to see political and economic uncertainty affecting the financial markets and by extension the asset management industry and the currency markets in which we operate.

Technology continues to disrupt the fundamental ways in which financial markets operate. It brings challenges, in terms of competition and pressure on margins, as well as opportunities in terms of improvements to operational efficiency and price transparency, and to the overall client experience. During the year, we have continued to focus on and invest in our client relationships, our ability to innovate, our technology and our people.

My statement last year highlighted the change in mix of fees for some products, which includes some enhanced Passive Hedging mandates and some return-seeking (Multi-Strategy) mandates, from management fee only to a reduced management fee plus a performance fee element. During the year this has achieved outperformance in terms of total fees earned when compared to what would have been earned on a management fee only basis.

Notwithstanding net outflows of $4.5 billion, predominantly in the second half of the year, Record generated strong results with revenues of £25.0 million (2018: £23.8 million), operating profit of £7.9 million (2018: £7.3 million) and earnings per share of 3.27 pence (2018: 3.03 pence).

Further information on AUME flows and financial results can be found in the operating review section.

Group strategy

We believe that by delivering market-leading and innovative products and the highest levels of service to our clients, we will generate positive returns and create shareholder value over the long term.

Our strategy focuses on three core areas for delivery: our client experience, innovation and talent development. Further detail on the strategic objectives and how we have performed against these can be found in Key Performance indicators section.

Capital and dividend

Our capital policy aims to ensure retained capital broadly equivalent to one year's worth of future estimated overheads (excluding variable remuneration), in addition to capital assessed as required for regulatory purposes, for working capital purposes and for investing in new opportunities for the business.

Our dividend policy targets a level of dividend which is at least covered by earnings and which allows for sustainable dividend growth in line with the trend in profitability. It is also the Board's intention, subject to financial performance and market conditions at the time, to return excess earnings over ordinary dividends for the financial year adjusted for changes in capital requirements, to shareholders, normally in the form of special dividends.

The Board is recommending a final ordinary dividend of 1.15 pence per share (2018: 1.15 pence), with the full year ordinary dividend at 2.30 pence, which is equivalent to the full year ordinary dividend in respect of the prior year (2018: 2.30 pence). The interim dividend of 1.15 pence per share was paid on 22 December 2018, and the final ordinary dividend of 1.15 pence per share will be paid on 31 July 2019 to shareholders on the register at 28 June 2019, subject to shareholders' approval.

The Group has assessed its regulatory capital requirement alongside its anticipated costs for the current financial year, which has resulted in a marginal increase to capital required in line with its policy. The net increase in capital required is equivalent to 0.28 pence per share and consequently the Board is announcing a special dividend of 0.69 pence per share to be paid simultaneously with the final ordinary dividend. Total dividends for the year are 2.99 pence per share (2018: 2.80 pence) compared to earnings per share of 3.27 pence per share (2018: 3.03 pence).

The Board will continue to consider ordinary dividends and other distributions to shareholders on a "total distribution" basis. The total distribution for any year will be at least covered by earnings, and will always be subject to the financial performance of the business, the market conditions at the time and to any further capital assessed as required under the policy described above.

The Board

David Morrison, the Senior Independent Director, resigned from the Board with effect from 30 September 2018 having served his full nine-year term and hence no longer being deemed independent. On behalf of my colleagues I would like to thank David for his commitment and guidance to Record over his term, and to wish him well for the future.

With effect from 1 October 2018, Jane Tufnell was appointed Senior Independent Director and continues to chair the Nomination Committee, and Tim Edwards was appointed as chair of the Remuneration Committee. The Audit and Risk Committee continues to be chaired by Rosemary Hilary.

Outlook

Financial markets, and by extension the foreign exchange markets, will continue to be subject to ongoing disruption in such various forms as political instability, trade tensions, regulatory changes, technological disruption and more fundamentally changes in the way our markets operate.

Whilst such an environment brings a high degree of challenge, it also provides opportunities to those market participants having the capability and flexibility to react, including the ability to innovate and to invest in order to meet the specific demands of clients and potential clients. We have already shown that we have the people and resources to meet these challenges head on, and I remain confident that we will continue to do so going forward.

On behalf of the Board, I would like to thank everyone at Record for their hard work and commitment during the year, and I look forward to the challenges and further opportunities in the year ahead.

Neil Record

Chairman

12 June 2019

Chief Executive Officer's statement

"We are increasingly focused on being flexible and responsive to client demand in developing new products and strategies"

In the year ended 31 March 2019, anticipated reductions in management fees were more than offset by performance fees, resulting in 5% growth in revenue. Some benefits of operating leverage brought about a modest increase in operating margin to 32%.

Looking forward, Record's management is determined to impose continued cost discipline, so that investment in new products and services can be maintained without sacrificing profitability. We are increasingly focused on being flexible and responsive to client demand in developing these new products and strategies.

Market overview

The year to 31 March 2019 saw a moderation of economic activity in developed markets economies with the exception of the US. With this came diminished expectations for divergence in interest rate cycles. Political risks re-emerged during the year with the UK approaching its EU exit date, the US and China trade dispute, and renewed hostilities between the Italian government and EU officials. Emerging Market currencies came under pressure temporarily, but the Turkish lira experienced more severe currency depreciation during the summer.

Further information on foreign exchange markets over the period is provided in the Market review section.

Investment performance

Record's Dynamic Hedging product increased hedge ratios in line with US dollar strength, and helped protect clients against currency losses. Over the year, Record's enhanced Passive Hedging service outperformed its relevant benchmark for most clients, though the magnitude of outperformance was lower than the long-term average. Record's Multi-Strategy mandates combining Carry, Emerging Market, Momentum, Value and now Range Trading strategies delivered negative performance over the period.

Product performance data is provided in the Operating review section.

Asset flows and financial performance

AUME decreased by 8% in US dollar terms over the financial year to $57.3 billion, and decreased by 1% in sterling terms to £44.0 billion. Net outflows of $4.5 billion in the year were largely driven by Passive Hedging outflows of $4.6 billion, with net inflows in Currency for Return balanced by net outflows in Dynamic Hedging. Detailed analysis of AUME is provided in the Operating review section.

The 5% total decline in management fees of £1.2 million was more than offset by performance fees of £2.3 million, resulting in an increase in revenue of 5% to £25.0 million. The Group's operating margin improved from 31% to 32%, and profit before tax increased by 9% to £8.0 million. Basic earnings per share of 3.27 pence represented an 8% increase on the prior financial year. The Financial review gives additional commentary.

Strategic progress

Our strategic progress can be grouped under three headings.

Quality client experience – our commitment to deliver best-in-class client experience is manifested through building and maintaining close "trusted adviser" relationships, and continually enhancing the products and services we offer these clients to meet their needs. Continual enhancement of products and services is demonstrated through the increased adoption of enhanced Passive Hedging amongst our clients, and by the addition of a fifth strand, Range Trading, to our Multi-Strategy product. The extension of our relationship with WisdomTree to include a framework for hedging emerging market currencies is a further example of this.

Our ability to build and maintain client relationships is critically dependent on the individuals whose responsibility this is, and to this end we are pleased to have increased the employees based in our New York office covering North America, with two transfers from Windsor and one local hire.

Innovation – innovation is demonstrated both in enhancing existing products and services, and in developing new ones. Given the bespoke nature of all of Record's segregated mandates, the distinction between enhancing existing services and developing new ones is blurred. In addition to the continued adoption of enhanced Passive Hedging and the addition of Range Trading, we have developed and seeded a strategy which incorporates Environmental, Social and Governance ("ESG") factors into the Multi-Strategy currency portfolio.

Our approach of encouraging innovative ideas from colleagues may lead to opportunities which are best exploited outside of Record's full ownership and control. One example spanning the financial year end is Record's investment in a 40% shareholding in Trade Record Ltd, a newly-formed company established to offer pay-to-enter competitions in which subscribers trade virtual money across asset classes.

Talent development – we have continued to pay close attention to attracting, recruiting, retaining and developing high potential talent across our business. We have insourced much of our recruitment activity, with the twin objectives of identifying better candidates earlier, and reducing costs.

We will be changing how we implement our Group Profit Share scheme for the year ended 31 March 2020 so as to better balance rewarding individual contribution as well as firm-wide performance. As a result, there may be more variability in the current and future financial periods in the total cost of the Group Profit Share scheme within the established range of 25% to 35% of operating profits.

Outlook

Record's Board and management firmly believe that almost all investors worldwide are affected by currency market movements, and that the unparalleled liquidity of the foreign exchange market means that capacity and liquidity constraints are remote. Furthermore, our depth of experience and robust operating model means we are very well positioned to design and implement solutions to investors' specific needs, whether risk management, return-seeking, or both.

This combination of investor relevance, market depth and expertise should mean that Record is well positioned to generate significant growth for shareholders. The Board and management recognise that while long-established products and services are key to Record's profitability today, we cannot rely on these alone to take full advantage of our growth opportunities. This, as well as fee pressure endemic to investment management, lies behind our focus on continually enhancing our clients' experience and innovating new products and strategies. Achieving both of these in turn is dependent on attracting and retaining highly-capable colleagues.

It also continues to be imperative that we manage the business in a financially-disciplined fashion, both with regard to expenditure and balance sheet discipline. We will continue to invest in opportunities that respond to client demand, and to challenge ourselves and our colleagues to identify and pursue these opportunities, while also seeking productivity enhancements in established products.

James Wood-Collins

Chief Executive Officer

12 June 2019

Key Performance Indicators

Measuring our performance against our strategy

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

KPIs	**FY-19**	**FY-18**	**FY-17**	**FY-16**	**FY-15**
Client numbers at 31 March	**65**	60	59	58	55
AUME at 31 March – US dollars	**$57.3bn**	$62.2bn	$58.2bn	$52.9bn	$54.7bn
Revenue[2]	**£25.0 million**	£23.8 million	£23.0 million	£21.4 million	£20.8 million
Operating profit margin[2]	**32%**	31%	34%	32%	35%
Basic earnings per share ("EPS")	**3.27 p**	3.03 p	2.91 p	2.55 p	2.66 p
Dividend per share - Ordinary - Special	**2.30 p** **0.69 p**	2.30 p 0.50 p	2.00 p 0.91 p	1.65 p	1.65 p
Average number of employees	**85**	81	73	69	68
Staff retention (employees retained throughout the year)	**84%**	93%	85%	88%	89%
Employees with equity interest at 31 March	**70%**	72%	68%	69%	76%

Client longevity

Length of continuous service as at 31 March 2019	≤1 year	>1year and ≤3 years	>3 years and ≤6 years	>6 years and ≤10 years	>10 years
Percentage of clients	20	22	18	18	22

How we performed this year

- Client numbers grew by 5 reaching 65 at the end of the year;
- AUME decreased by 8% in US dollar terms and by 1% in sterling terms;
- Revenue for the year increased by 5% to £25.0 million including performance fees of £2.3 million;
- Operating profit margin increased to 32% for the year;
- Basic earnings per share increased by 8% due to increased revenues and continued cost control;
- The Ordinary dividend per share is unchanged on last year. The special dividend per share has increased by 38% resulting in a 7% increase in total dividends to 2.99 pence per share;
- The average number of employees has increased by 5% reflecting the additional resource requirements over the last two years to support product research, innovation and enhancement;
- Record has sustained high levels of staff retention which is consistent with its success in creating a working environment which promotes staff development and wellbeing ;and
- The percentage of employees aligned with Record's business through equity ownership remains high at 70%.

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2. Revenue and operating profit margin for the comparative periods FY-15 to FY-17 have been restated to reflect a re-presentation of items previously included under other income, as first disclosed in the results for the six months ended 30 September 2017. As a result, operating profit and profit before tax are now the same as the operating profit and profit before tax previously disclosed as "underlying". Operating profit margin is an alternative performance measure calculated by dividing operating profit by revenue.

Business review

Market review

Political and economic uncertainty have continued to affect the financial markets and by extension the asset management industry and the currency markets in which we operate.

The year to 31 March 2019 saw a tempering of economic activity in developed markets economies, with the exception of the US, where growth was robust yet anticipated by policymakers to also moderate. With this came diminished expectations for divergence in monetary policy cycles. Political risks re-emerged during the year with the UK approaching its EU exit date, the US and China trade dispute, and renewed hostilities between the Italian government and EU officials. Emerging Market currencies came under pressure temporarily, but the Turkish lira experienced more severe currency depreciation during the summer. In spite of these events, developed market currency volatility remained low, but occasional large intra-day exchange rate moves continued as a theme, driven by recent regulatory and technological changes. These regulatory constraints also continued to drive dislocations between FX forwards and the money markets (FX basis).

Monetary policy and interest rates

Interest rates in developed markets remained low in relation to historic norms, and initial expectations of further differentiation in policy cycles faded towards the end of the year. In the US, the Federal Reserve pushed ahead with additional interest rate hikes, but paused at a lower level relative to past cycles due to growing risks to its economic outlook. The US dollar appreciated on a trade-weighted basis, with gains concentrated in the first three months of the year. The Bank of England hiked its policy rate pre-emptively amid rising domestic cost pressures, but did so against a backdrop of political uncertainty and without conviction over whether it will remain an appropriate stance. Ongoing Brexit negotiations continued to cast a shadow over sterling, and political news became the primary driver of the currency, which fell versus the US dollar but rose marginally against a trade-weighted basket of currencies, as the likelihood of a no-deal Brexit was thought to have diminished.

Concerns over slowing growth and inflation were not confined to the US, and as a result, monetary policy in the lower interest rate economies of the Eurozone, Japan, and Switzerland, remained exceptionally easy. The European Central Bank ("ECB") maintained its stance of ultra-accommodative policy, though confirmed the end of its Quantitative Easing programme. In contrast to the prior year, economic activity suffered from a number of set-backs and the creation of an anti-establishment government in Italy re-introduced an aspect of political risk to the currency. The euro depreciated versus the US dollar as it became apparent that the ECB would not raise rates in late 2019. The Bank of Japan kept policy rates unchanged, but announced it would allow ten-year yields to move more freely around the zero per cent target. The Japanese yen saw heightened volatility towards the end of the year as global equity markets prices corrected. The Swiss National Bank continued to pursue exceptionally low interest rates but compared to previous years, appeared to apply only light-touch interventions to the currency. The franc showed mixed performance, having declined against the US dollar but rose on a trade-weighted basis, primarily reflecting strength versus the euro.

Emerging Markets ("EM")

Emerging market currencies came under pressure during the first half of the financial year, both versus the US dollar and versus a basket of developed market currencies. Initial weakness was closely linked to the US dollar's upward momentum, which exerted pressure on the balance sheets of EM countries and drove capital outflows both as domestic agents repaid US dollar denominated debt, and as foreign investors weighed up the opportunity of investing abroad versus at home. Broadly, EM central banks were prepared with adequate levels of FX reserves and reacted by raising real interest rates commensurately in order to lean against currency weakness.

The largest depreciation by far was in the Turkish lira, where worsening of diplomatic relations with the US, coupled with an unorthodox approach to monetary policy sparked a currency crisis and double-digit inflation trend. With already diminished liquidity, this led to a significant depreciation of the currency and the emergence of a large basis between currency-implied interest rates and policy rates. In an unexpected act of independence, the Central Bank of Turkey in September increased its policy rate by 6.25% in an attempt to control inflation and arrest the currency's decline. The economy underwent a rapid and painful adjustment and the currency had recouped most of its losses by the end of the financial year.

FX basis developments

Over the past few years, the historical relationship between the interest rates observed in the money markets and those implied by the FX forward market has weakened, largely as a consequence of banking regulation, imbalances in the demand for hedging, and money market reforms. This dislocation is known as the FX basis. The FX basis typically imposes extra costs on hedgers from Switzerland, Japan, and the Eurozone, while adding a benefit to hedgers from the US and other higher-yielding countries.

Over the year, the basis has been less dominated by general trends and more by currency-specific factors, leading to variation between currency pairs. After starting the financial year at elevated levels, the US dollar basis was generally stable over the first six months of the year, before year end pressures precipitated expansion and volatility of the FX basis in the second half of the year.

Volatility, liquidity and market structure

During the financial year volatility in the FX market remained low relative to history, despite ostensible risks stemming from Brexit negotiations, Italian politics, and the threat of an escalating trade war between the US and China. Although FX volatility remained low, large intra-day exchange rate moves looked to have become more commonplace, for example, the Japanese yen “flash crash” in January saw the yen appreciate by over three per cent in the space of eight minutes. This phenomenon of suppressed volatility but large and abrupt price changes is thought to have been exacerbated by recent changes in both technology and regulation, which in turn have affected the traditional market making function’s ability to act as a “circuit breaker” during bouts of volatility. From a regulatory perspective, post-financial crisis changes to capital requirements have made banks less keen to underwrite market risk and provide a market during periods of financial stress.

Increasingly prevalent as alternative providers of liquidity are algorithmic-based and high-frequency traders. These market participants are thought to hold comparatively low levels of inventory and are often governed by tighter capital at risk limits. In effect, during periods of high volatility, algorithmic traders are also less willing to warehouse the risk of large positions and can withdraw liquidity from the market. As a result, a trend has emerged of ample liquidity and well-functioning markets during low volatility environments, versus shallow liquidity and large intra-day price movements during more volatile periods. With more constrained market making, large and price-insensitive orders (e.g. via stop losses) look more likely to create ripples in the market – especially during illiquid hours and days. This, in part, may also have contributed towards the prevalence of range trading in FX markets during the financial year.

Brexit

Record has been planning its response to Brexit since the June 2016 referendum, with a working group meeting regularly to review workstreams relating to clients, colleagues and regulatory permissions.

So-called “passporting” permissions under the Markets in Financial Instruments Directive (“MiFID”) have historically been one of the main routes by which we can act for clients in the European Union outside the UK (the “EU27”). Maintaining these permissions in the event of a “hard Brexit” with no transition period or other equivalence arrangements has been uppermost amongst the Brexit-related challenges to our business model and operations.

As discussed in last year’s Annual Report, we had prepared a contingency plan to allow us to maintain passporting permissions through the establishment of an authorised subsidiary in Ireland. In the first calendar quarter of 2018, consensus emerged between the UK and the EU on the intention to implement a transition period, during which UK companies could continue to access EU27 markets as if the UK was still a member of the EU. As a result, we paused the implementation of our contingency plan, although we recognised the risk that the transition period might not materialise, including through Parliament not endorsing the Withdrawal Agreement.

To address this risk we have developed further plans, including a client-by-client assessment of the regulatory basis on which we currently provide services to EU27 clients, and communication with each such client. As a result of this, as well as industry-wide measures such as the Memoranda of Understanding agreed between the Financial Conduct Authority and EU regulators announced on 1 February 2019, at the time of writing we are confident we will be able to continue to provide services to all current EU27 clients post-Brexit, even in the event of a “hard Brexit” with no transition period or other equivalence arrangements. This will be subject to further assessment in the light of any regulatory changes.

In such a scenario, we would be constrained in marketing our products and services to new clients in certain EU27 countries, although even this constraint is moderated by enabling legislation in many such countries which would allow authorised UK firms to continue to market to professional clients. In this scenario we would quickly re-assess the costs and benefits of establishing an authorised subsidiary within the EU27 countries, to eliminate any such remaining constraints.

Although the main focus of our Brexit preparations has been on these regulatory permissions, we have also considered other effects on clients, and further consequences including the potential impact on colleagues. None of these other effects or consequences is expected to present a material challenge to our business model or operations.

At the time of writing the UK Prime Minister, Theresa May, will shortly be replaced, the Withdrawal Agreement has not been endorsed by Parliament, and the Article 50 notice period has been extended to 31 October 2019. Despite this uncertainty, and as explained above, we expect to be able to continue to serve all our current EU27 clients thereafter, irrespective of whether and how the UK leaves the European Union.

Regulation

Record’s main regulatory focus during the financial year was on embedding regulatory practices following the introduction of MiFID II and reviewing relevant policies and procedures as part of our business-as-usual process. The European Market Infrastructure Regulation (“EMIR”) is undergoing changes which may affect the reporting and other services that we provide for some of our clients on a delegated basis. We have been assessing the impact of these changes and communicating with the affected clients ahead of the changes becoming effective.

The upcoming Senior Managers and Certification Regime expansion to our sector comes into force in December 2019 and we have been tracking and working on our project to ensure we have the required structures, policies and procedures in place to meet the new requirements.

Operating review

Product investment performance

Hedging

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

Passive Hedging

Over the past five years, Record has developed an enhanced Passive Hedging service. This aims to reduce the cost of hedging by introducing new flexibility into the implementation of currency hedges, without changing the hedge ratio. While the strategy is partly systematic, the episodic nature of many opportunities exploited by the strategy means it requires a higher level of discretionary oversight than has historically been associated with Passive Hedging. Over the year, Record's enhanced Passive Hedging service outperformed its relevant benchmark for most clients, although the magnitude of outperformance was lower than the long-term average.

	Return for year to 31 March 2019	Return since inception[3]
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark	0.05%	0.12% p.a.

3. Since inception in October 2014.

Dynamic Hedging

The performance of our Dynamic Hedging product depends on how the foreign currencies change in value relative to the base currency of a client. During the year, US investors saw losses from currency on international assets when valuing positions in US dollars, as the US dollar appreciated against all G10 currencies. Record's Dynamic Hedging product increased hedge ratios in line with US dollar strength, and helped protect clients against currency losses.

Currency for Return

Record had a number of Currency for Return products in the year. The Forward Rate Bias ("FRB", also known as Carry) strategies and Emerging Market strategy are founded on market risk premia and as such perform more strongly in "risk on" environments. By contrast, Momentum, Value and the newly added Range Trading strategies are more behavioural in nature, and as a result are less risk-sensitive. All five strategies can be combined to create the Record Currency Multi-Strategy product.

FRB strategy

The Forward Rate Bias Index Fund saw positive returns which were primarily driven by the relative strength of the higher-yielding US dollar versus the lower yielding euro. Record remains committed to our belief that over time currency, and in particular the Carry strategy, can be a persistent and uncorrelated source of returns for investors, and that the Carry strategy will continue to generate long-term returns.

Emerging Market strategy

Record's Emerging Market Currency Fund generated modestly negative returns after a volatile twelve months as emerging market currencies generally depreciated against the basket of developed market currencies. Returns in the Fund were mainly attributable to the depreciation of the Turkish lira, and Brazilian real, and Central Eastern European currencies.

Currency Multi-Strategy

Record's principal Currency for Return product during the year was Currency Multi-Strategy. This combines a number of diversified return streams. Record's Multi-Strategy mandates combining Carry, Emerging Market, Momentum, Value and now Range Trading strategies delivered negative overall performance over the period, notwithstanding the diversification of performance returns between the individual strategies.

Fund name	Scaling	Return for 12 months to 31 March 2019 %	Return since inception % p.a.	Volatility since inception % p.a.
FTSE FRB10 Index Fund[4]	1.8	4.20 %	1.77%	6.88%
Emerging Market Currency Fund[5]	1	(0.31%)	1.29%	6.34%
Currency Multi-Strategy Fund[6]	4.5-5	(3.90%)	(3.20%)	9.30%

4. FTSE FRB10 Index Fund return data is since inception in December 2010, GBP base.
5. Record Currency – Emerging Market Currency Fund return data is since inception in December 2010, GBP base.
6. Record Currency Multi-Strategy Fund return data is since inception in February 2018, GBP base.

Index/composite returns	Return for 12 months to 31 March 2019 %	Return since inception % p.a.	Volatility since inception % p.a.
FTSE Currency FRB10 GBP Excess return[7]	2.10%	2.22%	4.53%
Record Multi-Strategy composite[8]	(1.20%)	1.28%	2.73%

7. FTSE Currency FRB10 GBP Excess return data is since December 1987, GBP base.
8. Record Multi-Strategy composite is since inception in July 2012, showing excess returns data gross of fees in USD base, and scaled to a 4% target volatility.

Scaling

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

It should be emphasised that in this case "scaling" refers to the multiple of the maximum size of the aggregate forward contracts in the currency programme, to the segregated mandate size or the pooled fund's net assets. This is limited by the willingness of counterparty banks to take exposure to the segregated client or pooled fund. The AUME of those mandates where scaling or a volatility target is selected is represented in Record's AUME at the scaled value of the mandate, as opposed to the segregated mandate size or the pooled fund's net assets.

AUME development

AUME expressed in US dollar terms decreased by 8% during the year ended 31 March 2019, finishing at $57.3 billion (2018: $62.2 billion). When expressed in sterling, AUME decreased marginally to £44.0 billion (2018: £44.3 billion).

AUME development ($bn)

Opening AUME at 1 April 2018	Net client inflows	Markets	FX effects and scaling adjustment	Closing AUME at 31 March 2019
62.2	-4.5	+2.3	-2.7	57.3

AUME movements

The Group has seen total net outflows of $4.5 billion during the year arising from inflows from both new and existing clients of $10.0 billion offset by outflows of $14.5 billion.

Passive Hedging AUME fell by 9% to $48.2 billion at the end of the year (2018: $53.0 billion), including net outflows of $4.6 billion related to previously announced terminations of three commercial relationships representing eight client legal entities. Other movements impacting Passive Hedging AUME included market factors (+$2.5 billion) and movements in exchange rates (-$2.7 billion), which broadly offset each other.

Dynamic Hedging AUME ended the year at $3.1 billion (2018: $4.3 billion), a decrease from last year of $1.2 billion. Net outflows of $0.7 billion included inflows of $0.4 billion in the first quarter and outflows of $1.1 billion in the final quarter. As separately reported in March 2019, Record undertook a series of tactical changes in order to realise gains on the market valuation of open positions on certain Dynamically Hedged mandates, thereby reducing the year end AUME position for Dynamic Hedging by approximately $1.1 billion. The impact of some or all of the reduction in AUME may prove to be temporary, although any increase or decrease will be dependent on future movements in underlying assets and FX markets. Market movements had an impact of -$0.5 billion.

The Currency for Return product saw AUME inflows of $0.9 billion over the year, represented by inflows of $0.6 billion from a new Australian client in the first quarter, and a $0.3 billion inflow from an existing client into a bespoke product during the third quarter. External factors had a net impact of +$0.2 billion. Currency for Return AUME concluded the year at $2.7 billion (2018: $1.6 billion).

Multi-product AUME remained stable during the year, starting and ending the year at $3.0 billion.

Market performance

Record's AUME is affected by movements in market levels because substantially all the Passive and Dynamic Hedging, and some of the Multi-product mandates, are linked to equity, fixed income and other market levels. Market performance increased AUME by $2.3 billion in the year ended 31 March 2019 (2018: +$1.3 billion).

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

AUME composition by underlying asset class as at 31 March 2019

	Equity %	Fixed income %	Other %
Passive Hedging	27%	44%	29%
Dynamic Hedging	95%	-%	5%
Multi-product	-%	-%	100%

Forex

Approximately 87% of the Group's AUME is non-US dollar denominated. Therefore, foreign exchange movements may have an impact on AUME when expressing non-US dollar denominated AUME in US dollars. Foreign exchange movements decreased AUME by $2.7 billion over the year. This movement does not have an equivalent impact on the sterling value of fee income.

At 31 March 2019, the split of AUME by base currency was 13% in sterling, 57% in Swiss francs, 11% in US dollars, 16% in euros and 3% in other currencies.

AUME composition by base currency

Base currency	31 March 2019	31 March 2018
Sterling	GBP 5.7bn	GBP 6.6bn
US dollar	USD 6.3bn	USD 6.9bn
Swiss franc	CHF 32.5bn	CHF 34.7bn
Euro	EUR 8.3bn	EUR 7.1bn
Australian dollar	AUD 1.0bn	-
Canadian dollar	CAD 0.6bn	CAD 0.5bn
Singapore dollar	SGD 0.1bn	SGD 0.1bn
Swedish krona	SEK 3.7bn	SEK 2.6bn

Product mix

AUME composition by product

	31 March 2019		31 March 2018	
	US $bn	**%**	**US $bn**	**%**
Passive Hedging	48.2	84%	53.0	85%
Dynamic Hedging	3.1	5%	4.3	7%
Currency for Return	2.7	5%	1.6	3%
Multi-product	3.0	5%	3.0	5%
Cash	0.3	1%	0.3	-%
Total	**57.3**	**100%**	**62.2**	**100%**

Aggregate Hedging AUME represented 90% of the total AUME, down slightly on the prior year (2018: 92%). Currency for Return AUME increased as a proportion of total AUME with inflows of +$0.9 billion, representing 5% of total AUME at year end (2018: 3%). Multi-product AUME remained unchanged on last year.

Client numbers

Client numbers saw a net increase of 5, ending the year at 65 (2018: 60). The net increase of five clients comprised 13 new clients (representing 7 new commercial relationships) less eight clients whose mandates were terminated, the latter representing three commercial relationships.

Financial review

"Despite a challenging backdrop, it's pleasing to report growth in Group revenues, profit and earnings for the year."

Overview

Total revenue for the year increased by 5% to £25.0 million (2018: £23.8 million) and operating expenses, excluding variable remuneration, increased by 2% to £13.3 million. Variable remuneration rose to £3.4 million (2018: £3.1 million), with the operating profit margin increasing marginally to 32% (2018: 31%) and profit before tax rising by 9% to £8.0 million (2018: £7.3 million).

Profit and loss (£m)	**2019**	**2018**
Revenue	25.0	23.8
Cost of sales	(0.4)	(0.3)
Gross profit	24.6	23.5
Personnel (excluding GPS)	(8.2)	(7.9)
Non-personnel cost	(5.1)	(5.4)
Other income or expense	-	0.2
Total expenditure (excluding GPS)	(13.3)	(13.1)
GPS	(3.4)	(3.1)
Operating profit	7.9	7.3
Operating profit margin	32%	31%
Net interest received	0.1	-
Profit before tax	8.0	7.3
Tax	(1.6)	(1.2)
Profit after tax	6.4	6.1

Revenue

Record's revenue derives from the provision of currency management services, fees for which can be charged through management fee only or management plus performance fee structures, which are available across Record's product range. Management fee only mandates are charged based upon the AUME of the product, and management plus performance fee structures include a lower percentage fee applied to AUME, and a proportional share of the specific product performance measured over a defined period.

Management fees are typically charged on a quarterly basis, although Record may charge fees monthly for some of its larger clients. Performance fees can be charged on quarterly, six-monthly or annual performance periods on the basis agreed with the particular client.

As shown under AUME development in the Operating review, average levels of AUME, and hence management fees, decreased over the year predominantly as a result of net outflows of $4.5 billion more than offsetting underlying increases in mandates due to market growth (+$2.3 billion). In addition, some enhanced Passive Hedging clients chose to move from management fee only to a lower management fee with a performance related fee during the year.

Notwithstanding this backdrop, Record's aggregate revenue for the year increased by 5% to £25.0 million including performance fees of £2.3 million (2018: £nil).

Revenue analysis (£m)

	2019	2018
Management fees		
Passive Hedging	11.6	12.6
Dynamic Hedging	4.6	5.1
Currency for Return	1.8	1.8
Multi-product	4.3	4.0
Total management fees	**22.3**	**23.5**
Performance fees	**2.3**	-
Other currency services income	0.4	0.3
Total revenue	**25.0**	**23.8**

Management fees

Management fees earned during the year fell by 5% to £22.3 million (2018: £23.5 million).

Record's enhanced Passive Hedging programme has been developed to take advantage of changes in the FX market structure so as to minimise costs and to add value for clients. These mandates may be charged at reduced management fee rates plus a performance-related fee. As expected, there has been a consequent reduction in the aggregate Passive Hedging management fees for the year, exacerbated by the net outflows seen from Passive Hedging mandates predominantly during the second half of the year. Passive Hedging management fees decreased by 8% to £11.6 million for the year (2018: £12.6 million).

As reported in the prior year, Record's remaining UK-based Dynamic Hedging clients either converted their mandates to Passive Hedging or terminated due to the negative returns and cash flows caused by the persistent weakness in sterling following the result of the EU referendum. Dynamic Hedging management fees fell by 10% to £4.6 million (2018: £5.1 million), predominantly reflecting the full year effect of the above changes.

Currency for Return management fees, which includes Multi-strategy mandates, remained broadly consistent with the prior period notwithstanding net inflows of $0.9 billion in the year. This is due to one new client mandate starting during the period on a reduced management fee plus performance fee basis, and one existing client mandate moving to a more bespoke service on a different and lower fee rate.

Average management fee rates for most product lines have remained broadly constant throughout the year ended 31 March 2019. Average management fee rates for Currency for Return mandates decreased during the year for those reasons stated above, plus the impact of increased scaling of portfolio sizes for mandates with defined volatility targets where the fee rate is linked to the target volatility.

Average Currency for Return fee rates on AUME can change as a result of increasing or decreasing portfolio sizes for mandates with defined volatility targets ("scaling"), where the fee rate is linked to the target volatility. Certain Multi-Strategy portfolio sizes have been increased as volatility in the underlying strategies has fallen and as diversification between strategies has become greater, reducing the volatility of the aggregate return to the client. This effect may reverse in future periods. Fee rates based on volatility targets have not changed during the period.

Further information on the scaling of Currency for Return mandates is given in the operating review.

Performance fees

Aggregate performance fees of £2.3 million were earned during the year (2018: nil).

Other currency services income

Other currency services income totalled £0.4 million (2018: £0.3 million) and consists of fees from ancillary currency management services including revenue from the licensing agreement with WisdomTree.

Expenditure

Operating expenditure

The Group operating expenditure (excluding variable remuneration) increased by 2% to £13.3 million for the year (2018: £13.1 million), reflecting the continued focus on cost discipline across the business.

Growth in personnel costs of 4% to £8.2 million (2018: £7.9 million) includes inflationary increases in salaries at the start of the financial year, and reflects the growth in average employee numbers to 85 (2018: 81).

Headline non-personnel costs decreased by 6% during the year to £5.1 million (2018: £5.4 million), although remained broadly consistent when considering the one-off costs of £0.2 million incurred last year relating to the Tender Offer in July 2017.

Other income or expenses were negligible for the year (2018: income £0.2 million) and represent gains or losses made on derivative financial instruments employed by the Group's seed funds or as a result of hedging activities, or other FX adjustments or revaluations.

Group Profit Share ("GPS") Scheme

The Group operates a GPS Scheme i.e. variable remuneration, such that a long‑term average of 30% of underlying operating profit before GPS is made available to be awarded to staff. The Remuneration Committee has agreed that for the year ended 31 March 2019, the GPS Scheme is 30% of pre‑GPS operating profit, which represents £3.4 million, an increase of 10% over the previous financial year (2018: £3.1 million) and in line with Group financial performance.

Operating profit and margins

Group operating profit increased by 8% to £7.9 million (2018: £7.3 million) and the Group operating margin increased marginally to 32% (2018: 31%), driven by the 5% increase in total revenue and the maintained focus on cost discipline across the business.

Cash flow

The Group consolidated statement of cash flows is shown in the financial statements section.

The Group's year end cash and cash equivalents stood at £13.0million (2018: £12.5 million). The cash generated from operating activities before tax is shown in note 25 to the financial statements and was £8.2 million (2018: £4.3 million). During the year, taxation of £1.2 million was paid (2018: £1.6 million) and £5.5 million was paid in dividends (2018: £6.8 million). The prior year included a cash outflow of £10.0 million representing the Group repurchase of 22.3 million shares via a Tender Offer.

At the year end, the Group held money market instruments with maturities between three and twelve months, worth £10.7 million (2018: £10.2 million). These instruments are managed as cash by the Group but are not classified as cash under IFRS rules (see note 17 of the financial statements for more details).

Dividends

An interim ordinary dividend of 1.15 pence per share (2018 interim: 1.15 pence) was paid to shareholders on 28 December 2018, equivalent to £2.3 million.

As disclosed in the Chairman's statement, the Board is recommending a final ordinary dividend of 1.15 pence per share, equivalent to £2.3 million, taking the overall ordinary dividend for the financial year to 2.30 pence per share. Simultaneously, the Board is also paying a special dividend of 0.69 pence per share (equivalent to £1.3 million), making the total dividends paid for the year of £5.9 million equivalent to 91% of total earnings of 3.27 pence per share.

The total ordinary and special dividends paid in respect of the prior year ended 31 March 2018, were 2.30 pence per share, and 0.50 pence per share respectively, equivalent to total dividends of £5.6 million and representing 92% of total earnings of 3.03 pence per share.

Financial stability and capital management

The Group's balance sheet is strong and liquid with total net assets of £27.4 million at the end of the year, including current assets managed as cash totalling £23.7 million. The business remains cash generative, with net cash inflows from operating activities after tax of £7.0 million for the year (see note 25 to the financial statements).

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

Record Currency Management Limited ("RCML") is a BIPRU limited licence firm authorised and regulated in the UK by the Financial Conduct Authority ("FCA"), and is a wholly owned subsidiary of Record plc. Both RCML and the Group submit semi‑annual capital adequacy returns to the FCA, and held significant surplus capital resources relative to the regulatory financial resource requirement throughout the year.

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

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

Regulatory capital resources (£m)	**2019**	**2018**
Core Tier 1 capital	27.3	26.6
Deductions: intangible assets	(0.3)	(0.2)
Regulatory capital resources	**27.0**	**26.4**

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

Viability statement

In accordance with the UK Corporate Governance Code, the Directors have performed a robust assessment of the viability of the Group considering the business model, the Group's expected financial position, Board strategy and risk appetite, the Group's solvency and liquidity and its principal risks. Based on this assessment, the Directors have a current and reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due up to 31 March 2022.

The Directors review the financial forecasts and position of the Group on an ongoing basis. The capital and dividend policy reflects the stated objectives of maintaining a strong balance sheet whilst allowing the Group the flexibility to adapt its products and services to market conditions, or to take advantage of emerging business opportunities. The Group's strategy and principal risks are assessed and reviewed regularly by the Board, as well as by the Executive Committee and operational sub-committees within the Group.

In assessing the viability of the Group, the Directors have considered the principal risks affecting the Group, which underpin the basis for the stress testing of the business plan conducted as part of the Group's Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP uses severe but plausible stress scenarios assuming the crystallising of a number of these principal risks to assess the options for mitigating the impact on the Group, and for ensuring that the ongoing viability of the Group is sustained. Such scenarios include items that may have a severe effect on the revenue generation capability and resulting profitability of the Group, for example:

- market downturn – resulting in AUME decreasing, either through outflows and/or a reduction in value due to the link to other financial markets; and
- operational risk event – causing AUME outflows and potentially reputational damage.

The scenarios assume mitigating actions including the potential for non-critical cost reductions and reassessing the dividend policy, although any mitigating actions would need to be reassessed depending on the specific circumstances and expected duration of the factors affecting the business model at the time. The possibility that the impact and timing of factors potentially affecting the viability of the Group could be more severe than assumed plausible for the above testing should also be noted.

Market disruption, changes to regulation and sustained political and economic uncertainty continue to provide challenges to the Group and the environment in which it operates. Through continued enhancement of its products and services and in maintaining its approach to innovation, the Directors believe the Company to be capable of meeting such challenges. However, the Directors consider a three year horizon over which to assess the viability of the Group to be appropriate under such circumstances, since any further planning horizon provides a greater level of uncertainty to financial projections.

As discussed in more detail in the Business review, the Directors expect to be able to continue to serve all current EU27 clients irrespective of whether and how the UK eventually leaves the European Union (Brexit). For this reason the Directors consider the level of risk posed by Brexit to the continued operation and viability of the business to be significantly lower than the principal risks identified by the Board, and the scenarios modelled through the ICAAP.

Upon review of the results of the stress testing, the Directors concluded that the Group would have sufficient capital and liquid resources to withstand the stressed scenarios and ensure its ongoing viability, based on current information and the three year viability horizon.

Consolidated statement of comprehensive income

Year ended 31 March

	Note	2019 £'000	2018 £'000
Revenue	**4**	**24,973**	**23,834**
Cost of sales		(385)	(311)
Gross profit		**24,588**	**23,523**
Administrative expenses		(16,704)	(16,424)
Other income or expense		(8)	173
Operating profit	**5**	**7,876**	**7,272**
Finance income		135	66
Finance expense		(22)	(10)
Profit before tax		**7,989**	**7,328**
Taxation	**7**	(1,559)	(1,182)
Profit after tax and total comprehensive income for the year		**6,430**	**6,146**
Profit and total comprehensive income for the year attributable to			
Owners of the parent		6,430	6,146
Non-controlling interests		-	-
Earnings per share for profit attributable to the equity holders of the Group during the year			
Basic earnings per share	**8**	3.27p	3.03p
Diluted earnings per share	**8**	3.25p	2.98p

Consolidated statement of financial position

As at 31 March

	Note	2019 £'000	2018 £'000
Non-current assets			
Intangible assets	12	288	228
Property, plant and equipment	11	761	910
Investments	13	1,112	1,115
Deferred tax assets	14	-	86
Total non-current assets		**2,161**	**2,339**
Current assets			
Trade and other receivables	15	7,562	6,775
Derivative financial assets	16	164	266
Money market instruments with maturities > 3 months	17	10,735	10,198
Cash and cash equivalents	17	12,966	12,498
Total current assets		**31,427**	**29,737**
Total assets		**33,588**	**32,076**
Current liabilities			
Trade and other payables	18	(2,736)	(2,630)
Corporation tax liabilities	18	(692)	(399)
Financial liabilities	19	(2,621)	(2,467)
Derivative financial liabilities	16	(109)	(29)
Total current liabilities		**(6,158)**	**(5,525)**
Deferred tax liabilities	14	**(29)**	**-**
Total net assets		**27,401**	**26,551**
Equity			
Issued share capital	20	50	50
Share premium account		2,243	2,237
Capital redemption reserve		26	26
Retained earnings		25,022	24,238
Equity attributable to owners of the parent		**27,341**	**26,551**
Non-controlling interests		60	-
Total equity		**27,401**	**26,551**

Consolidated statement of changes in equity

Year ended 31 March 2019

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000	Non-controlling interests £'000	Total equity £'000
As at 1 April 2018	**50**	**2,237**	**26**	**24,238**	**26,551**	**-**	**26,551**
Profit and total comprehensive income for the year	-	-	-	6,430	**6,430**	**-**	**6,430**
Dividends paid	-	-	-	(5,517)	**(5,517)**	**-**	**(5,517)**
Issue of shares in subsidiary	-	-	-	-	**-**	**60**	**60**
Own shares acquired by EBT	-	-	-	(893)	**(893)**	**-**	**(893)**
Release of shares held by EBT	-	6	-	677	**683**	**-**	**683**
Share-based payment reserve movement	-	-	-	87	**87**	**-**	**87**
Transactions with shareholders	**-**	**6**	**-**	**(5,646)**	**(5,640)**	**60**	**(5,580)**
As at 31 March 2019	**50**	**2,243**	**26**	**25,022**	**27,341**	**60**	**27,401**

Year ended 31 March 2018

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2017	**55**	**1,971**	**20**	**34,785**	**36,831**
Profit and total comprehensive income for the year	-	-	-	6,146	**6,146**
Dividends paid	-	-	-	(6,810)	**(6,810)**
Share buy-back and cancellation	(5)	-	6	(10,000)	**(9,999)**
Own shares acquired by EBT	-	-	-	(952)	**(952)**
Release of shares held by EBT	-	266	-	1,241	**1,507**
Share-based payment reserve movement	-	-	-	(172)	**(172)**
Transactions with shareholders	**(5)**	**266**	**6**	**(16,693)**	**(16,426)**
As at 31 March 2018	**50**	**2,237**	**26**	**24,238**	**26,551**

Consolidated statement of cash flows

Year ended 31 March

	Note	2019 £'000	2018 £'000
Net cash inflow from operating activities	25	**7,026**	**2,746**
Cash flow from investing activities			
Purchase of intangible software		(134)	(82)
Purchase of property, plant and equipment		(72)	(236)
(Purchase)/sale of money market instruments with maturity > 3 months		(537)	7,904
Interest received		110	77
Net cash (outflow)/inflow from investing activities		**(633)**	**7,663**
Cash flow from financing activities			
Subscription for shares in subsidiary		40	-
Purchase of own shares		(653)	(10,367)
Dividends paid to equity shareholders	9	(5,517)	(6,810)
Cash outflow from financing activities		**(6,130)**	**(17,177)**
Net increase/(decrease) in cash and cash equivalents in the year		**263**	**(6,768)**
Effect of exchange rate changes		205	146
Cash and cash equivalents at the beginning of the year		12,498	19,120
Cash and cash equivalents at the end of the year		**12,966**	**12,498**
Closing cash and cash equivalents consist of:			
Cash		2,150	4,411
Cash equivalents		10,816	8,087
Cash and cash equivalents	17	**12,966**	**12,498**

Company statement of financial position

As at 31 March

	Note	2019 £'000	2018 £'000
Non-current assets			
Investments	13	5,567	5,288
Total non-current assets		5,567	5,288
Current assets			
Cash and cash equivalents	17	3	2
Total current assets		**3**	**2**
Total assets		**5,570**	**5,290**
Current liabilities			
Trade and other payables	18	(55)	(1,093)
Corporation tax liabilities	18	(14)	-
Total current liabilities		**(69)**	**(1,093)**
Total net assets		**5,501**	**4,197**
Equity			
Issued share capital	20	50	50
Share premium account		1,809	1,809
Capital redemption reserve		26	26
Retained earnings		3,616	2,312
Total equity		**5,501**	**4,197**

Company statement of changes in equity

Year ended 31 March 2019

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2018	**50**	**1,809**	**26**	**2,312**	**4,197**
Profit and total comprehensive income for the year	-	-	-	6,681	6,681
Dividends paid	-	-	-	(5,517)	(5,517)
Share option reserve movement	-	-	-	140	140
Transactions with shareholders	**-**	**-**	**-**	**(5,377)**	**(5,377)**
As at 31 March 2019	**50**	**1,809**	**26**	**3,616**	**5,501**

Year ended 31 March 2018

	Called up share capital £'000	Share premium account £'000	Capital redemptio n reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2017	**55**	**1,809**	**20**	**2,237**	**4,121**
Profit and total comprehensive income for the year	-	-	-	16,688	16,688
Share buy back	(5)	-	6	(10,000)	(9,999)
Dividends paid	-	-	-	(6,810)	(6,810)
Share option reserve movement	-	-	-	197	197
Transactions with shareholders	**(5)**	**-**	**6**	**(16,613)**	**(16,612)**
As at 31 March 2018	**50**	**1,809**	**26**	**2,312**	**4,197**

Company statement of cash flows

Year ended 31 March

	Note	2019 £'000	2018 £'000
Net cash inflow from operating activities	25	**(1,043)**	**1,015**
Cash flow from investing activities			
Dividends received		6,600	16,810
Investment in subsidiaries		(40)	(16)
Investment in seed funds		-	(1,000)
Interest received		1	1
Net cash inflow from investing activities		**6,561**	**15,795**
Cash flow from financing activities			
Purchase of own shares		-	(10,000)
Dividends paid to equity shareholders	9	(5,517)	(6,810)
Cash outflow from financing activities		**(5,517)**	**(16,810)**
Net increase in cash and cash equivalents in the year		1	-
Cash and cash equivalents at the beginning of the year		2	2
Cash and cash equivalents at the end of the year		**3**	**2**
Closing cash and cash equivalents consist of:			
Cash		3	2
Cash equivalents		-	-
Cash and cash equivalents	17	**3**	**2**

Notes to the financial statements

For the year ended 31 March 2019

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

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

a. Accounting convention

Basis of preparation

The Group and Company have prepared their financial statements under International Financial Reporting Standards ("IFRSs") as adopted by the European Union. IFRSs comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") as adopted in the European Union as at 31 March 2019. The financial statements have been prepared on a historical cost basis, modified to include fair valuation of derivative financial instruments.

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

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

Impact of new accounting standards

IFRS 9 – Financial Instruments

IFRS 9 has been adopted by the Group and Company from the mandatory adoption date of 1 April 2018. IFRS 9 replaces the classification and measurement models for financial instruments in IAS 39 "Financial Instruments: recognition and measurement" with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income.

The Group holds instruments such as investments in seed funds, derivative financial instruments and financial liabilities in respect of external investors' holdings in consolidated funds. These were formerly held at fair value through profit or loss (FVTPL). Under the new standard, these instruments will continue to be held at FVTPL.

Trade and other receivables and payables principally comprise short-term settlement accounts and accruals, which are not held for trading nor do they meet the definition of items that could be carried at fair value. Such instruments therefore remain at amortised cost.

Regarding impairment, most of Record's revenue comes from management fees due from clients for which we provide currency management services. These are typically paid to the Group on a quarterly basis.

It is very rare for Record to suffer any impairment in respect of trade receivables as institutional debtors rarely default. The Group has applied the simplified expected loss model to its trade receivables, which do not have a history of credit risk or expected future recoverability issues. Further details of the expected credit loss calculation are given in note 15.

Cash, cash equivalents and money market instruments with maturities > 3 months held with banks could be at risk should the financial institutions holding it fail. We have neither experienced nor expect to experience credit losses arising from these counterparties.

Management consider that the adoption of IFRS has not had a material impact on the financial statements.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 *Revenue* and provides a new five-step revenue recognition model for determining recognition and measurement of revenue from contracts with customers.

The adoption of this standard has had no significant impact on the timing of revenue recognition of the Group and therefore no restatement of prior periods was required. The Group did not use any of the practical expedients permitted under IFRS 15.

The Group's accounting policy for revenue within the scope of IFRS 15 has been updated to state that revenue is recognised as performance obligations are satisfied.

The standard introduces a number of new disclosure requirements which are provided in Note 4 of these financial statements. These include disclosures around:

- The nature of the performance obligations within contracts with customers.
- Disaggregated revenue and its relationship with revenue reported for each reportable segment.
- Contract asset and liabilities.

There are no judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers.

Revenue from contracts with customers for the year ended 31 March 2018 consisted of £23.5 million which was previously presented as fee income, and £0.3 million that was previously presented as other currency services income.

There has been no other new or amended standards adopted in the financial year beginning 1 April 2018 which had a material impact on the Group or Company.

The following standards and interpretations relevant to the Group's operations were issued by the IASB but are not yet mandatory:

IFRS 16 – Leases

IFRS 16 "Leases" is effective for annual periods beginning on or after 1 January 2019 and replaces IAS 17 Leases and related interpretations. This introduces a comprehensive model for the identification of lease arrangements and accounting treatment for both lessors and lessees, which distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. IFRS 16 requires operating leases, where the Group is the lessee, to be included on the Group's statement of financial position, recognising a right-of-use (ROU) asset and a related lease liability representing the present value obligation to make lease payments. The ROU asset will be assessed for impairment annually (incorporating any onerous lease assessments) and depreciated on a straight-line basis, adjusted for any remeasurements of the lease liability. The lease liability will subsequently be adjusted for lease payments and interest, as well as the impact of any lease modifications. IFRS 16 also requires extensive disclosures detailing the impact of leases on the Group's financial position and results.

The adoption of IFRS 16 will result in a significant gross-up of the Group's reported assets and liabilities on the statement of financial position. The operating lease expense which is currently recognised within occupancy costs in the Group's income statement (Note 24) will no longer be incurred and instead depreciation expense (of the ROU asset) and interest expense (unwind of the discounted lease liability) will be recognised. This will also result in a different total annual expense profile under the new standard (with the expense being front-loaded in the earlier years of the lease term as the discount unwind on the lease liability reduces over time).

The adoption of IFRS 16 into the Group's opening statement of financial position on 1 April 2019 results in a gross-up of £1.7 million for ROU lease assets and associated deferred tax assets and £1.8 million in relation to lease liabilities, with £0.1 million deducted from brought-forward reserves on the transition date 1 April 2019. The initial reserves impact will be offset over time by a lower annual Group income statement charge, as the total charge over the life of each lease is the same as under the current IAS 17 requirements.

b. Basis of consolidation

The consolidated financial information contained within the financial statements incorporates financial statements of the Company and its subsidiaries drawn up to 31 March 2019. Subsidiaries are entities controlled by the Company and are included from the date that control commences until the date that control ceases. Control is achieved where the Company is exposed to or has rights over variable returns from its involvement with the entity and it has the power to affect returns.

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

The Group has investments in four funds. These funds are held by Record plc and represent seed capital investments by the Group.

Significant judgement

The Group uses judgement to determine whether investments in its seed funds constitute controlling interests in accordance with IFRS 10 Consolidated Financial Statements. The Group considers all relevant facts and circumstances in assessing whether it has control over specific funds or other entities. This includes consideration of the extent of the Group's exposure to variability of returns as an investor and the Group's ability to direct the relevant activities, through exercising its voting rights as an investor, or as investment manager. We consider that the Group exerts such control in cases where it (either in isolation or together with its related parties) holds a majority of units in the fund.

If the Group is in a position to be able to control a fund, then the fund is consolidated within the Group financial statements. 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.

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. In the case of the funds controlled by the Group, the interests of any external investors are recognised as a financial liability as investments in the fund are not considered to be equity instruments.

The financial statements of subsidiary undertakings, which are prepared using uniform accounting policies, are coterminous with those of the Company apart from those of the seeded funds which have accounting reference dates of 30 September. The consolidated financial statements incorporate the financial performance of the seeded funds in the year ended 31 March 2019 and the financial position of the seeded funds as at 31 March 2019.

The Company is taking advantage of the exemption under the Companies Act 2006 s408(1) not to present its individual statement of comprehensive income and related notes that form part of the financial statements. The Group's total comprehensive income for the year includes a profit of £6,681,076 attributable to the Company (2018: £16,688,038).

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

c. Foreign currencies

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

d. Financial instruments

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

e. Impairment of assets

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

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

f. Provisions and contingent liabilities

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

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

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

g. Equity

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

2. Critical accounting estimates and judgements

In order to prepare the financial statements in accordance with IFRS, management make certain critical accounting estimates. Management are also required to exercise judgement in the process of applying the Group's accounting policies and in determining the reported amount of certain assets and liabilities.

The estimates and associated assumptions are based on historical experience and various other factors including expectations of future events 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. As a consequence 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.

Areas of significant judgement – consolidation of seed funds

Note 1.b. describes the basis which the Group uses to determine whether it controls seed funds, further detail on consolidation of seed funds is provided in note 13.

Sources of estimation uncertainty

Management recognise that the use of estimates is important in calculating both the fair value of share options offered by the Group to its employees (see Note 21) and deferred tax (see note 14), however the sources of estimation uncertainty do not present a significant risk of material adjustment to the carrying amounts of assets or liabilities within the next financial year in either case.

3. 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. Revenue analysed by product is provided in note 4.

4. Revenue

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of currency management services. Our revenues typically arise from charging management fees or performance fees and both are accounted in accordance with IFRS 15 "Revenue from contracts with customers".

Management fees are recorded on a monthly basis as the underlying currency management service occurs, there are no other performance obligations (excluding standard duty of care requirements). Management fees are calculated as an agreed percentage of the assets under management equivalents ("AUME") denominated in the client's chosen base currency. The percentage varies depending on the nature of services and the level of AUME. Management fees are typically invoiced to the customer quarterly with receivables recognised for unpaid invoices.

The Group is entitled to earn performance fees from some clients where the performance of the clients' mandates exceeds defined benchmarks over a set time period, and are recognised when the fee amount can be estimated reliably and it is highly probable that it will not be subject to significant reversal.

Performance fee revenues are not considered to be highly probable until the end of a contractual performance period and therefore are not recognised until they crystallise, at which time they are payable by the client and cannot be clawed back. There are no other performance obligations or services provided which suggest these have been earned either before or after crystallisation date.

a. Revenue from contracts with customers

The following table provides a breakdown of revenue from contracts with customers, with management fees analysed by product. Other currency services income includes fees from signal hedging and fiduciary execution.

	2019 £'000	2018 £'000
Management fees		
Passive Hedging	11,610	12,569
Dynamic Hedging	4,598	5,111
Currency for Return	1,775	1,803
Multi-Product	4,325	4,014
Total management fee income	**22,308**	**23,497**
Performance fee income	2,333	-
Other currency services income	332	337
Total revenue from contracts with customers	**24,973**	**23,834**

b. Contract receivables

The payment terms for invoiced revenue vary but are typically 30 days from receipt of invoice. Accrued income is recognised to account for income earned but not yet invoiced.

The Group has recognised the following receivables, assets and liabilities in relation to contracts with customers.

	2019 £'000	2018 £'000
Amount receivable from contracts with customers	4,654	5,279
Accrued income from contracts with customers	1,888	582
Total contract receivables and assets	**6,542**	**5,861**

There are no contract liabilities arising in relation to contracts with customers.

c. 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.

	2019 £'000	2018 £'000
Management and performance fee income		
UK	2,239	2,951
US	6,439	6,610
Switzerland	11,401	10,434
Other	4,894	3,839
Total revenue	**24,973**	**23,834**

d. Major clients

During the year ended 31 March 2019, three clients individually accounted for more than 10% of the Group's revenue. The three largest clients generated revenues of £4.4 million, £3.9 million and £3.6 million in the year (2018: three largest clients generated revenues of £4.0 million, £3.4 million and £2.9 million in the year).

5. Operating profit

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

	2019	2018
	£'000	£'000
Staff costs	11,574	11,062
Depreciation of property, plant and equipment	221	206
Amortisation of intangibles	74	99
Auditor fees		
Fees payable to the Group's auditor for the audit of the Company's annual accounts	49	45
Fees payable to the Group's auditor for the audit of subsidiary undertakings	42	39
Fees payable to the Group's auditor for the audit of consolidated funds	40	32
Auditor fees total	131	116
Fees payable to the Group's auditor and its associates for other services:		
Audit-related assurance services required by law or regulation	27	26
Other non-audit services	61	55
Operating lease rentals: land and buildings	604	596
Loss/(gain) on forward FX contracts held to hedge cash flow	242	(424)
Gain on derivative financial instruments held by seed funds	-	(53)
Exchange (gain)/loss on revaluation of external holding in seed funds	(67)	406
Other exchange (gains)/losses	(178)	265

6. Staff costs

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

	2019	2018
Corporate	9	8
Client relationships	16	15
Investment research	15	15
Operations	26	26
Risk management	5	5
Support	14	12
Annual average	**85**	**81**

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

	2019 £'000	2018 £'000
Wages and salaries	8,900	8,280
Social security costs	1,239	1,184
Pension costs	468	432
Other employment benefit costs	967	1,166
Aggregate staff costs	**11,574**	**11,062**

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

7. 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:

	2019 £'000	2018 £'000
Profit before taxation	**7,989**	**7,328**
Taxation at the standard rate of tax in the UK of 19% (2018: 19%)	1,518	1,392
Tax effects of:		
Other disallowable expenses and non-taxable income	16	51
Capital allowances for the year higher than depreciation	(20)	(20)
Higher tax rates on subsidiary undertakings	10	5
Adjustments recognised in current year in relation to the current tax of prior years	2	(10)
Adjustments recognised in current year in relation to Research and Development claims in respect of prior years	(93)	(240)
Other temporary differences	126	4
Total tax expense	**1,559**	**1,182**
The tax expense comprises:		
Current tax expense	1,445	1,166
Deferred tax expense	114	16
Total tax expense	**1,559**	**1,182**

The standard rate of UK corporation tax for the year is 19% (2018: 19%). 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 2019 was 19.5% of profit before tax (2018: 16.1%).

8. 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.

	2019	**2018**
Weighted average number of shares used in calculation of basic earnings per share	196,655,224	202,613,441
Effect of potential dilutive ordinary shares – share options	1,462,554	3,855,924
Weighted average number of shares used in calculation of diluted earnings per share	**198,117,778**	**206,469,365**

	pence	**pence**
Basic earnings per share	3.27	3.03
Diluted earnings per share	3.25	2.98

The potential dilutive shares relate to the share options granted in respect of the Group's Share Scheme (see note 21). There were share options in place at the beginning of the year over 14,343,147 shares. During the year 678,500 share options were exercised, and a further 2,307,944 share options lapsed or were forfeited. The Group granted 935,000 share options with a potentially dilutive effect during the year. Of the 12,291,703 share options in place at the end of the period, 1,486,765 have a dilutive impact at the year end.

9. 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 2019 totalled £5,516,896 (2.80 pence per share) which comprised a final dividend in respect of the year ended 31 March 2018 of £2,266,379 (1.15 pence per share), a special dividend in respect of the year ended 31 March 2018 of £985,382 (0.50 pence per share) and an interim dividend for the year ended 31 March 2019 of £2,265,135 (1.15 pence per share).

The dividends paid by the Group during the year ended 31 March 2018 totalled £6,810,361 (3.235 pence per share) which comprised a final dividend in respect of the year ended 31 March 2017 of £2,564,080 (1.175 pence per share), a special dividend in respect of the year ended 31 March 2017 of £1,985,798 (0.91 pence per share) and an interim dividend for the year ended 31 March 2018 of £2,260,483 (1.15 pence per share).

For the year ended 31 March 2019, a final ordinary dividend of 1.15 pence per share has been proposed and a special dividend of 0.69 pence per share has been declared.

10. 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 disclosed in note 6 to the accounts represents contributions payable by the Group to the funds.

11. Property, plant and equipment – Group

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

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

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

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

2019	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2018	661	671	324	**1,656**
Additions	31	40	1	**72**
Disposals	-	-	-	**-**
At 31 March 2019	**692**	**711**	**325**	**1,728**
Depreciation				
At 1 April 2018	150	425	171	**746**
Charge for the year	121	59	41	**221**
Disposals	-	-	-	**-**
At 31 March 2019	**271**	**484**	**212**	**967**
Net book amounts				
At 31 March 2019	**421**	**227**	**113**	**761**
At 1 April 2018	511	246	153	**910**

2018	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2017	635	542	304	**1,481**
Additions	26	177	33	**236**
Disposals	-	(48)	(13)	**(61)**
At 31 March 2018	**661**	**671**	**324**	**1,656**
Depreciation				
At 1 April 2017	36	423	141	**600**
Charge for the year	114	50	42	**206**
Disposals	-	(48)	(12)	**(60)**
At 31 March 2018	**150**	**425**	**171**	**746**
Net book amounts				
At 31 March 2018	**511**	**246**	**153**	**910**
At 1 April 2017	599	119	163	**881**

The Group's tangible non-current assets are predominantly located in the UK.

12. Intangible assets

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

- *Software – 2 to 5 years*

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

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

2019	Software £'000	Total £'000
Cost		
At 1 April 2018	1,458	1,458
Additions	134	134
Disposals	-	-
At 31 March 2019	**1,592**	**1,592**
Amortisation		
At 1 April 2018	1,230	1,230
Charge for the year	74	74
Disposals	-	-
At 31 March 2019	**1,304**	**1,304**
Net book amounts		
At 31 March 2019	**288**	**288**
At 1 April 2018	228	228

2018	Software £'000	Total £'000
Cost		
At 1 April 2017	1,377	1,377
Additions	82	82
Disposals	(1)	(1)
At 31 March 2018	**1,458**	**1,458**
Amortisation		
At 1 April 2017	1,132	1,132
Charge for the year	99	99
Disposals	(1)	(1)
At 31 March 2018	**1,230**	**1,230**
Net book amounts		
At 31 March 2018	**228**	**228**
At 1 April 2017	245	245

The annual contractual commitment for the maintenance and support of software is £183,976 (2018: £179,664). All amortisation charges are included within administrative expenses.

13. Investments

Company

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

	2019 £'000	2018 £'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 (Switzerland) GmbH	16	16
Trade Record Ltd	40	-
Record Fund Management Limited	-	-
N P Record Trustees Limited	-	-
Total investment in subsidiaries (at cost)	**86**	**46**
Capitalised investment in respect of share-based payments		
Record Group Services Limited	1,108	978
Record Currency Management (US) Inc.	85	77
Record Currency Management (Switzerland) GmbH	2	-
Total capitalised investment in respect of share-based payments	**1,195**	**1,055**
Total investment in subsidiaries	**1,281**	**1,101**

Particulars of subsidiary undertakings

Name	Nature of business
Record Currency Management Limited	Currency management services (FCA, SEC and CFTC registered)
Record Group Services Limited	Management services to other Group undertakings
Record Currency Management (US) Inc.	US advisory and service company (SEC and CFTC registered)
Record Currency Management (Switzerland) GmbH	Swiss advisory and service company
Trade Record Ltd	Prize competitions allowing subscribers to trade virtual money across asset classes
Record Portfolio Management Limited	Dormant
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 except for Trade Record Ltd ("Trade Record") in which the Group's interest is 40% of the ordinary share capital. Record Currency Management (US) Inc. is incorporated in Delaware (registered office: Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808) and Record Currency Management (Switzerland) GmbH is incorporated in Zürich (registered office: Münsterhof 14, 8001 Zürich). Trade Record is registered in England and Wales with its registered office at 1 Poultry, London EC2R 8JR. All other subsidiaries are registered in England and Wales with their registered office at Morgan House, Madeira Walk, Windsor, Berkshire, SL4 1EP, UK.

Investment in Trade Record

On 22 March 2019, Record plc subscribed £40,000 for 40% of the ordinary share capital of Trade Record.

Investment in funds

In addition to the subsidiaries listed above, the Company holds investments in several funds. These funds are seed investments, which have various investment objectives and policies and are subject to the terms and conditions of their offering documentation. The principal activity of each is to invest capital from investors in a portfolio of assets in order to provide a return for those investors.

All four fund investments are presented within investments in the Company statement of financial position, and all four fund entities are sub-funds of the Record Umbrella Fund, an open-ended umbrella unit trust authorised in Ireland.

Group

Entities are consolidated on a line-by-line basis where the Group has determined that a controlling interest exists through an investment holding in the entity, in accordance with IFRS 10 "Consolidated Financial Statements". Otherwise, investments in entities are measured at fair value through profit or loss.

Investment in Trade Record

Record plc in conjunction with two of its Directors, controls 80 per cent of the ordinary share capital, giving the Company rights over variable returns and the power to affect returns. Therefore the Company has the ability to control Trade Record, which is consequently recognised as a subsidiary.

In accordance with IFRS 10, the financial results of Trade Record are consolidated on a line-by-line basis within the financial statements of the Group.

Investment in funds

Of the four funds seeded by Record plc only three have been consolidated into the Group's financial results.

The Group has controlled both the Record Currency – FTSE FRB10 Index Fund and the Record Currency – Strategy Development Fund throughout the year ended 31 March 2019 and the comparative year. Both funds were consolidated in full, on a line-by-line basis in the Group's financial statements throughout these periods.

The Group was in control of the Record Currency – Emerging Market Currency Fund until 21 March 2018, at which point the Group no longer consolidated the fund on a line-by-line basis, but the Group did consolidate the fund in full on a line-by-line basis until that date. The fair value of the Group's holding in the Record Currency – Emerging Market Currency Fund was recognised as an investment from 22 March 2018 onwards.

In February 2018, the Company invested in the Record – Currency Multi-Strategy Fund. The Group has controlled this fund since inception and the fund is consolidated in full on a line-by-line basis.

	Group		Company	
	2019 £'000	**2018 £'000**	**2019 £'000**	**2018 £'000**
Investment in funds				
Record Currency – FTSE FRB10 Index Fund	-	-	1,162	1,116
Record Currency – Emerging Market Currency Fund	1,112	1,115	1,112	1,115
Record Currency – Strategy Development Fund	-	-	1,046	952
Record – Currency Multi-Strategy Fund	-	-	966	1,004
Total investment in funds	**1,112**	**1,115**	**4,286**	**4,187**

14. 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.

	2019 £'000	2018 £'000
Charge to income statement in year	(115)	(16)
Asset brought forward	86	102
(Liability)/asset carried forward	**(29)**	**86**

The deferred tax (liability)/asset consists of the tax effect of temporary differences in respect of:

	2019 £'000	2018 £'000
Deferred tax allowance on unvested share options	6	98
Shortfall of taxation allowances over depreciation on fixed assets	(35)	(12)
Total	**(29)**	**86**

At the year end there were share options not exercised with an intrinsic value for tax purposes of £44,534 (2018: £945,864). 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.

15. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowances. The amortised cost of trade and other receivables is stated at 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.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding 10 years on the total balance of non-credit impaired trade receivables. Accrued income relates to management and performance fees earned but not yet invoiced.

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

	2019 £'000	2018 £'000
Trade receivables	4,654	5,279
Accrued income	1,888	582
Other receivables	108	56
Prepayments	912	858
Total	**7,562**	**6,775**

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The Group has not renegotiated the terms of any receivables in the year ended 31 March 2019. The Group's trade receivables are generally short-term and do not contain significant financing components. Therefore, the Group has applied a simplified approach by using a provision matrix to calculate lifetime expected credit losses based on actual credit loss experience. The Group has calculated lifetime expected credit losses to be £nil, which is consistent with the last 10 years history of credit risk and reflects expected future recoverability issues.

16. 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 assets denominated in foreign currencies, and additionally uses both foreign exchange options and forward foreign exchange contracts in order to achieve a return within the seed funds. The instruments are recognised at fair value. The fair value of the contracts is calculated using the market rates prevailing at the period end date. The net gain or loss on instruments is included within revenue.

Derivative financial assets	2019 £'000	2018 £'000
Forward foreign exchange contracts held to hedge non-sterling based assets	106	199
Forward foreign exchange contracts held for trading	58	67
Total	**164**	**266**

Derivative financial liabilities	2019 £'000	2018 £'000
Forward foreign exchange contracts held for trading	(109)	(29)
Total	**(109)**	**(29)**

Derivative financial instruments held to hedge non-sterling based assets

At 31 March 2019 there were outstanding contracts with a principal value of £5,940,246 (31 March 2018: £9,951,185) 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 2019. The Group does not apply hedge accounting.

The net gain or loss on forward foreign exchange contracts held to hedge non-sterling based assets is as follows:

	2019 £'000	2018 £'000
Net (loss)/gain on forward foreign exchange contracts at fair value through profit or loss	(242)	424

Derivative financial instruments held for trading

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

All derivative financial instruments held by the Record Currency – Strategy Development Fund, the Record Currency – FTSE FRB10 Index Fund and the Record – Currency Multi-Strategy Fund were classified as held for trading throughout the period. The derivative financial instruments held by the Record Currency – Emerging Market Currency Fund were classified as held for trading from inception until 21 March 2018 when the fund was deconsolidated from the Group financial statements.

At 31 March 2019 there were outstanding contracts with a principal value of £24,323,080 (31 March 2018: £15,012,327).

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

	2019 £'000	2018 £'000
Net gain on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	-	53

17. Cash management

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

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

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

Assets managed as cash	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank deposits with maturities > 3 months	10,735	9,698	-	-
Treasury bills with maturities > 3 months	-	500	-	-
Money market instruments with maturities > 3 months	**10,735**	**10,198**	**-**	**-**
Cash	2,150	4,411	3	2
Bank deposits with maturities <= 3 months	10,816	8,087	-	-
Cash and cash equivalents	**12,966**	**12,498**	**3**	**2**
Total assets managed as cash	**23,701**	**22,696**	**3**	**2**

Cash and cash equivalents	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash and cash equivalents – sterling	10,624	3,827	3	2
Cash and cash equivalents – USD	2,180	2,680	-	-
Cash and cash equivalents – CHF	73	4,610	-	-
Cash and cash equivalents – other currencies	89	1,381	-	-
Total cash and cash equivalents	**12,966**	**12,498**	**3**	**2**

The Group cash and cash equivalents balance incorporates the cash and cash equivalents held by any fund deemed to be under control of Record plc (refer to notes 1 and 13 for explanation of accounting treatment). As at 31 March 2019, the cash and cash equivalents held by the seed funds over which the Group had control totalled £5,107,670 (31 March 2018: £4,969,231) and the money market instruments with maturities > 3 months held by these funds were £675,577 (31 March 2018: £500,000). As at 31 March 2019, the cash and cash equivalents held by Trade Record over which the Group had control was £80,000 (31 March 2018: £nil). At 31 March 2019, Trade Record did not hold any money market instruments with maturities > 3 months (2018: £nil).

18. 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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade payables	294	325	-	-
Amounts owed to Group undertaking	-	-	55	1,093
Other payables	4	4	-	-
Other tax and social security	257	234	-	-
Accruals	2,181	2,067	-	-
Total	**2,736**	**2,630**	**55**	**1,093**

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

Current tax liabilities

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Corporation tax	692	399	14	-

19. Financial liabilities

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. When Record plc is not the only investor in such funds and the external investment instrument does not meet the definition of an equity instrument under IAS 32 then the instrument is classified as a financial liability. The financial liabilities are measured at cost plus movement in value of the third party investment in the fund.

Record has seeded four funds which have been active during the year ended 31 March 2019.

The Record Currency - FTSE FRB10 Index Fund was considered to be under control of the Group as the combined holding of Record plc and its Directors constituted a majority interest throughout current and prior years. Similarly, the Record Currency – Strategy Development Fund is considered to be under control of the Group as Record plc has had a 100% holding throughout both years.

The Record Currency - Emerging Market Currency Fund was under the control of the Group until 21 March 2018, when the redemption of units by two Record plc Directors meant that Record could no longer control the fund as the combined holding of Record plc and its Directors no longer constituted a majority interest from that point onwards. This fund has therefore been consolidated into the Group's financial statements until 21 March 2018.

In February 2018, the Company invested in the Record – Currency Multi-Strategy Fund. The Group has controlled this fund since inception and the fund is consolidated in full on a line-by-line basis as the combined holding of Record plc and its Directors has constituted a majority interest since inception.

The mark to market value of units held by investors in these funds other than Record plc are shown as financial liabilities in the Group financial statements, in accordance with IFRS.

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

	2019 £'000	2018 £'000
Record Currency - FTSE FRB10 Index Fund	479	459
Record – Currency Multi-Strategy Fund	2,142	2,008
Record Currency - Strategy Development Fund	-	-
Total financial liabilities	**2,621**	**2,467**

The financial liabilities relate only to the fair value of the external investors' holding in the seed funds, and are in no sense debt.

20. Issued share capital

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

	2019		2018	
	£'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	50	199,054,325	50	199,054,325

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 2017	**3,618,995**
Adjustment for net sales by EBT	(1,225,563)
Record plc shares held by EBT as at 31 March 2018	**2,393,432**
Adjustment for net purchases by EBT	592,604
Record plc shares held by EBT as at 31 March 2019	**2,986,036**

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 21.

21. Share-based payments

During the year ended 31 March 2019 the Group has managed the following share-based compensation plans:

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

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

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

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

a. Group Profit Share Scheme

Share-based payments with cash alternatives

These transactions are compound financial instruments, which include a debt element and 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 allocated to the profit share pool between 25% and 35% of operating profits. Directors and senior employees receive one third of their profit share in cash, one third in shares ("Earned Shares") and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares. The charge to profit or loss in respect of Earned Shares in the period was £804,422 (2018: £682,758). 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.

Prior to 1 October 2017, if an individual elected to receive Additional Shares, the Group simultaneously awarded a Matching Share value amount using a multiple decided by the Remuneration Committee. The multiple was dependent on the level of seniority of the employee. The number of shares was determined by the post-tax cash attributed to Earned Shares plus Additional Shares plus Matching Shares divided by the aggregate market value achieved on the purchase of all such shares in the market. The charge to profit or loss in respect of Matching Shares for the year ended 31 March 2018 was £141,078.

From 1 October 2017, as a result of changes to the Group Profit Share Scheme, Matching Shares are no longer awarded by the group and therefore the charge to profit or loss in respect of Matching Shares for the year ended 31 March 2019 was £nil.

Shares awarded under the Group Profit Share Scheme do not include any vesting restrictions but rather restrictions over subsequent sale and transfer. All shares which are the subject of share awards vest immediately and are transferred to a nominee allowing the employee, as beneficial owner to retain full rights in respect of the shares purchased. However, 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
- Matching Shares and Additional Shares received in respect of elections made prior to 1 October 2017 – the third anniversary of the Profit Share Payment date for Directors and senior employees and the second anniversary of the Profit Share Payment date for all other employees.

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

Shares awarded under this scheme have been 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 and using quoted share prices.

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

Options over an aggregate of 935,000 shares were granted under the Share Scheme during the year (2018: 3,975,000), of which 370,000 were made subject to Unapproved options and 565,000 to Approved options (2018: 2,261,000 made subject to Unapproved options and 1,714,000 to Approved options). All options were granted with an exercise price per share equal to the share price prevailing at the time of grant.

The 565,000 Approved options issued to employees on 29 March 2019 each become exercisable on the fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 370,000 Unapproved options issued to employees on 29 March 2019 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The fair value of the services provided by employees has been calculated indirectly by reference to the fair value of the equity instruments granted. Fair value amounts for the options granted in the year ended 31 March 2019 were determined using a Black-Scholes option-pricing method and the following assumptions:

Model input	Weighted average value
Share price	28.3p
Exercise price	28.3p
Expected volatility	36%
Option life	3.4 years
Risk-free interest rate (%)	1.03%

Expected volatility is based on historical volatility.

The Group share‑based payment expense in respect of the Share Scheme was £140,236 for the year ended 31 March 2019 (2018: £197,740).

Outstanding share options

At 31 March 2019, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 12,291,703 (2018: 14,343,147). These deferred share awards and options are over issued shares, a proportion of which are hedged by shares held in an EBT. Details of outstanding share options awarded to employees are set out below:

Date of grant	At 1 April 2018	Granted	Exercised	Lapsed / forfeited	At 31 March 2019	Earliest vesting date	Latest vesting date[9]	Exercise price
18/11/13	466,667	-	-	(350,000)	116,667	18/11/16	18/11/18	£0.3000
26/11/14	1,440,000	-	-	(720,000)	720,000	26/11/17	26/11/19	£0.3586
24/03/15	228,000	-	-	(114,000)	114,000	24/03/19	24/03/19	£0.3450
24/03/15	744,500	-	(372,250)	(37,500)	334,750	24/03/16	24/03/19	£0.3450
01/12/15	1,800,000	-	-	(600,000)	1,200,000	01/12/18	01/12/20	£0.2888
27/01/16	918,750	-	(306,250)	(50,000)	562,500	27/01/17	27/01/20	£0.2450
27/01/16	685,209	-	-	(27,612)	657,597	27/01/20	27/01/20	£0.2450
27/01/16	327,500	-	-	(109,166)	218,334	27/01/19	27/01/21	£0.2450
27/01/16	72,500	-	-	(24,166)	48,334	27/01/19	27/01/21	£0.2450
30/11/16	288,574	-	-	-	288,574	30/11/20	30/11/20	£0.34072
30/11/16	1,117,500	-	-	(75,000)	1,042,500	30/11/17	30/11/20	£0.34072
30/11/16	2,200,000	-	-	-	2,200,000	30/11/19	30/11/21	£0.34072
31/01/17	78,947	-	-	-	78,947	31/01/21	31/01/21	£0.38000
26/01/18	1,662,000	-	-	(200,500)	1,461,500	26/01/22	26/01/23	£0.4350
26/01/18	328,000	-	-	-	328,000	26/01/19	26/01/23	£0.4350
26/01/18	52,000	-	-	-	52,000	26/01/21	26/01/24	£0.4350
26/01/18	1,933,000	-	-	-	1,933,000	26/01/21	26/01/24	£0.4350
29/03/19	-	565,000	-	-	565,000	29/03/23	29/03/24	£0.2830
29/03/19	-	370,000	-	-	370,000	29/03/20	29/03/24	£0.2830
Total options	**14,343,147**	**935,000**	**(678,500)**	**(2,307,944)**	**12,291,703**			
Weighted average exercise price of options	£0.35	£0.28	£0.30	£0.33	£0.35			

[9] Under the terms of the deeds of grant, options are exercisable for twelve months following the vesting date.

During the year 678,500 options were exercised. The weighted average share price at date of exercise was £0.41. At 31 March 2019 a total of 1,276,167 options had vested and were exercisable.

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

	Ordinary shares held as at	
	31 March 2019	**31 March 2018**
Record plc Group Profit Share Scheme (interest in restricted share awards)		
James Wood-Collins	318,832	375,408
Leslie Hill	802,837	1,008,518
Bob Noyen	318,832	324,614
Steve Cullen	264,286	361,076
Record plc Share Scheme (interest in unvested share options)		
James Wood-Collins	2,426,667	3,286,667
Leslie Hill	1,406,667	1,800,000
Bob Noyen	1,406,667	1,800,000
Steve Cullen	1,131,667	1,405,000

Performance measures

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

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

Approved options issued to all other staff during the year and the prior year were not subject to a Group performance measure.

Approved options issued to all other staff prior to 1 April 2017 were subject to performance measures linked to the Group's Total Shareholder Return ("TSR") and vested on the fourth anniversary of the date of grant, subject to these measures. At vesting date, a percentage of the total options granted could vest based upon Record's TSR performance versus the median TSR performance as measured against the FTSE 350 General Financial – Price Index. Options awarded subject to TSR performance conditions were valued using a Black-Scholes model. The performance target table is given below:

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

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

Clawback provisions

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

c. The Record plc Share Incentive Plan

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

As an incentive to employees, the Group matches every two shares bought by employees with a free matching share. During the year, the Group awarded 66,672 free shares (2018: 40,909 free shares) to employees. The expense charged in respect of the SIP was £22,200 in the year ended 31 March 2019 (2018: £18,833).

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

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

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

Credit risk

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

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

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

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

Financial assets at 31 March	2019 £'000	2018 £'000
Trade receivables	4,654	5,279
Accrued income	1,888	582
Other receivables	108	56
Derivative financial assets	164	266
Money market instruments with maturities > 3 months	10,735	10,198
Cash and cash equivalents	12,966	12,498
Total financial assets	**30,515**	**28,879**

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 2019	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	4,654	4,369	285	-
Accrued income	1,888	1,888	-	-
Total	**6,542**	**6,257**	**285**	**-**
		96%	**4%**	**0%**

At 31 March 2018	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	5,279	4,551	726	2
Accrued income	582	582	-	-
Total	**5,861**	**5,133**	**726**	**2**
		88%	**12%**	**0%**

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

Trade receivables are made up of 57 debtors' balances (2018: 52). The largest individual debtor corresponds to 19% of the total balance (2018: 18%). Debtor days, based on the generally accepted calculation of debtor days, is 68 days (2018: 81 days). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2019 4.4% of debt was overdue (2018: 12.4%). 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 21 days (2018: 22 days).

Contractual maturity analysis for financial liabilities:

At 31 March 2019	Carrying amount £'000	Due or due in less than 1 month £'000	Due between 1 and 3 months £'000	Due between 3 months and 1 year £'000
Trade payables	294	294	-	-
Accruals	2,181	40	1,041	1,100
Derivative financial liabilities	109	33	76	-
Total	**2,584**	**367**	**1,117**	**1,100**

At 31 March 2018	Carrying amount £'000	Due or due in less than 1 month £'000	Due between 1 and 3 months £'000	Due between 3 months and 1 year £'000
Trade payables	325	325	-	-
Accruals	2,067	164	838	1,065
Derivative financial liabilities	29	25	4	-
Total	**2,421**	**514**	**842**	**1,065**

Interest rate risk

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

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

Interest rate profiles

At 31 March 2019	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Trade receivables	-	-	4,654	4,654
Accrued income	-	-	1,888	1,888
Other receivables	-	-	108	108
Derivative financial assets at fair value through profit or loss	-	-	164	164
Money market instruments with maturities > 3 months	10,735	-	-	10,735
Cash and cash equivalents	10,816	2,150	-	12,966
Total financial assets	**21,551**	**2,150**	**6,814**	**30,515**
Financial liabilities				
Trade payables	-	-	(294)	(294)
Accruals	-	-	(2,181)	(2,181)
Derivative financial liabilities at fair value through profit or loss	-	-	(109)	(109)
Financial liabilities	-	-	(2,621)	(2,621)
Total financial liabilities	**-**	**-**	**(5,205)**	**(5,205)**

At 31 March 2018	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Trade receivables	-	-	5,279	5,279
Accrued income	-	-	582	582
Other receivables	-	-	56	56
Derivative financial assets at fair value through profit or loss	-	-	266	266
Money market instruments with maturities > 3 months	10,198	-	-	10,198
Cash and cash equivalents	8,087	4,411	-	12,498
Total financial assets	**18,285**	**4,411**	**6,183**	**28,879**
Financial liabilities				
Trade payables	-	-	(325)	(325)
Accruals	-	-	(2,067)	(2,067)
Derivative financial liabilities at fair value through profit or loss	-	-	(29)	(29)
Financial liabilities	-	-	(2,467)	(2,467)
Total financial liabilities	**-**	**-**	**(4,888)**	**(4,888)**

Foreign currency risk

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

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

During the year ended 31 March 2019, the Group invoiced the following amounts in currencies other than sterling:

	Local currency value '000	Value in reporting currency £'000
Swiss franc (CHF)	13,454	10,440
US dollar (USD)	9,428	7,247
Euro (EUR)	3,349	2,961
Canadian dollar (CAD)	660	383
Australian dollar (AUD)	390	215
Swedish krona (SEK)	1,161	99
Singapore dollar (SGD)	31	18
		21,363

The value of revenues for the year ended 31 March 2019 that were denominated in currencies other than sterling was £21.4 million (31 March 2018: £20.1 million).

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

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

The cash denominated in currencies other than sterling (refer to note 17), is covered by the Group's hedging process, therefore the Directors consider that the foreign currency risk on cash balances is not material.

Foreign currency risk – sensitivity analysis

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

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Sterling weakening by 10% against the dollar	346	469	346	469
Sterling strengthening by 10% against the dollar	(346)	(469)	(346)	(469)
Sterling weakening by 10% against the Swiss franc	565	593	565	593
Sterling strengthening by 10% against the Swiss franc	(565)	(593)	(565)	(593)

Sterling/US dollar exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis and market expectations for future movement. When applied to the average sterling/USD exchange rate of £/$1.31 this would result in sterling weakening to £/$1.19 and sterling strengthening to £/$1.46.

Sterling/Swiss franc exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis and market expectations for future movement. When applied to the average sterling/CHF exchange rate of £/1.30 this would result in sterling weakening to £/CHF1.18 and sterling strengthening to £/CHF1.44.

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.

23. 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:

	2019 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	106	-	106	-
Forward foreign exchange contracts used for seed funds	58	-	58	-
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(109)	-	(109)	-
Forward foreign exchange contracts used for seed funds	-	-	-	-
Total	**55**	**-**	**55**	**-**

	2018 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	199	-	199	-
Forward foreign exchange contracts used for seed funds	67	-	67	-
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(29)	-	(29)	-
Forward foreign exchange contracts used for seed funds	-	-	-	-
Total	**237**	**-**	**237**	**-**

There have been no transfers between levels in the reporting period (2018: none).

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

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

Classes and fair value of financial instruments

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

Categories of financial instrument

At 31 March 2019	Note	Loans and receivables £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
Trade and other receivables (excludes prepayments)	15	**6,650**	-	-	-
Money market instruments with maturities > 3 months	17	**10,735**	-	-	-
Cash and cash equivalents	17	**12,966**	-	-	-
Derivative financial assets at fair value through profit or loss	16	**-**	-	164	-
Trade payables	18	**-**	(294)	-	-
Accruals	18	**-**	(2,181)	-	-
Derivative financial liabilities at fair value through profit or loss	16	**-**	-	-	(109)
Total		**30,351**	**(2,475)**	**164**	**(109)**

At 31 March 2018	Note	Loans and receivables £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
Trade and other receivables (excludes prepayments)	15	5,917	-	-	-
Money market instruments with maturities > 3 months	17	10,198	-	-	-
Cash and cash equivalents	17	12,498	-	-	-
Derivative financial assets at fair value through profit or loss	16	-	-	266	-
Trade payables	18	-	(325)	-	-
Accruals	18	-	(2,067)	-	-
Derivative financial liabilities at fair value through profit or loss	16	-	-	-	(29)
Total		**28,613**	**(2,392)**	**266**	**(29)**

24. 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 7 September 2016, the Group signed a new lease on premises at Second and Third Floors, Morgan House, Madeira Walk, Windsor, at an annual commitment of £507,603, expiring 1 September 2022.

On 16 March 2016, the Group signed a lease on premises in New York City, at an average annual commitment of $125,840. The lease expired on 31 May 2019.

On 1 June 2017, the Group signed a five year lease on premises in Zürich, at an annual commitment of CHF 49,680.

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

At 31 March 2019 the Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	2019 £'000	2018 £'000
Not later than one year	562	637
Later than one year and not later than five years	1,310	1,866
Later than five years	-	-
Total	**1,872**	**2,503**

On 27 March 2019 the Group signed a contract with a 22 month rental term on offices in New York City starting 1 May 2019. Management does not consider that this contract fulfils the definition of a lease. The contract has an average annual commitment of $83,844.

25. Cash flow from operating activities

Group

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

	2019 £'000	2018 £'000
Operating profit	7,876	7,272
Adjustments for non-cash movements:		
Profit on disposal of property, plant and equipment	-	1
Depreciation of property, plant and equipment	221	206
Amortisation of intangible assets	74	99
Net release of shares previously held by EBT	443	845
Share-based payments	87	(93)
Decrease in cash on deconsolidation of Record Currency – Emerging Market Currency Fund (see note 13)	-	(4,062)
Other non-cash movements	(172)	(270)
	8,529	**3,998**
Changes in working capital		
(Increase)/decrease in receivables	(772)	172
Increase/(decrease) in payables	106	(371)
Decrease/(increase) in other financial assets	102	(204)
Increase in other financial liabilities	234	734
Cash inflow from operating activities	**8,199**	**4,329**
Interest paid	(22)	(10)
Corporation taxes paid	(1,151)	(1,573)
Net cash inflow from operating activities	**7,026**	**2,746**

Company

	2019 £'000	2018 £'000
Operating profit/(loss)	**99**	**(123)**
Adjustment for:		
(Gain)/loss on investments	(26)	7
Other	(73)	116
Changes in working capital		
(Decrease)/increase in payables	(1,038)	1,082
Cash(outflow)/inflow from operating activities	**(1,038)**	**1,082**
Corporation taxes paid	(5)	(67)
Net cash (outflow)/inflow from operating activities	**(1,043)**	**1,015**

26. 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 13, which includes a description of the nature of their business.

	2019 £'000	2018 £'000
Amounts due to subsidiaries	(55)	(1,093)
Net dividends received from subsidiaries	6,600	16,810

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 (2018: £nil). No expense has been recognised during the year in respect of bad or doubtful debts due from related parties.

Investment in Trade Record

On 22 March 2019, Record plc subscribed £40,000 for 40% of the ordinary share capital of Trade Record.

Group

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

Key management personnel compensation

	2019 £'000	2018 £'000
Short-term employee benefits	5,411	4,965
Post-employment benefits	204	185
Share-based payments	889	1,172
Total	6,504	6,322

The dividends paid to key management personnel in the year ended 31 March 2019 totalled £2,981,053 (2018: £3,651,092).

Directors' remuneration

	2019 £'000	2018 £'000
Emoluments (excluding pension contribution)	2,421	2,357
Pension contribution (including payments made in lieu of pension contributions)	165	166
Total	2,586	2,523

During the year, one Director of the Company (2018: one) participated in the Group Personal Pension Plan, a defined contribution scheme.

Transactions with Trade Record

On 22 March 2019, Record plc directors Leslie Hill and Bob Noyen each subscribed £20,000 for 20% of the ordinary share capital of Trade Record. The directors of Trade Record are Leslie Hill, director of Record plc, and Rebecca Venis, an existing employee of one of Record's subsidiary companies and who also owns 20% of the ordinary share capital of Trade Record.

27. Capital management

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

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

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

	2019 £m	2018 £m
Regulatory capital	9.3	9.1
Other operating capital	13.7	13.3
Operating capital	23.0	22.4
Seed capital	4.3	4.2
Total capital	27.3	26.6

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

Seed capital is the capital deployed to support the growth of new funds. Seed capital is limited to 25% of the Group's total capital.

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

28. Ultimate controlling party

As at 31 March 2019 the Company had no ultimate controlling party, nor at 31 March 2018.

29. Post reporting date events

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

30. Statutory Accounts

This statement was approved by the Board on 12 June 2019. The financial information set out above does not constitute the Company's statutory accounts.

The statutory accounts for the financial year ended 31 March 2018 have been delivered to the Registrar of Companies, and those for the year ended in 31 March 2019 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.

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