

The logo for Record plc, featuring the word "RECORD" in white, uppercase, sans-serif font. The text is centered within a dark blue square. A white diagonal line with a circular node at its intersection crosses the square from the bottom-left to the top-right, passing behind the letters.

RECORD

Record plc
Annual Report & Accounts 2011

Currency management

Record plc is a specialist currency manager, providing both currency hedging and currency for return mandates to institutional clients.

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Headlines

Expansion of product range to include a forward rate bias index tracking fund, an emerging market fund and a Euro stress fund

Assets under management equivalents (AuME¹) decreased to \$31.4bn/£19.6bn at 31 March 2011 (\$34.0bn/£22.4bn at 31 March 2010)

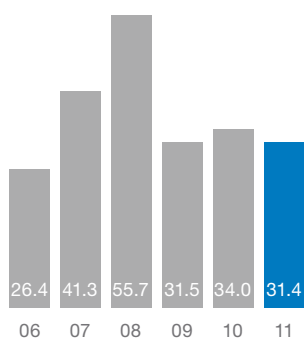
Hedging represents 88% of AuME and 72% of management fee income

Client numbers fell by 47 to 46

Management fee income reduced by 15%, resulting in profit before tax falling by 25%

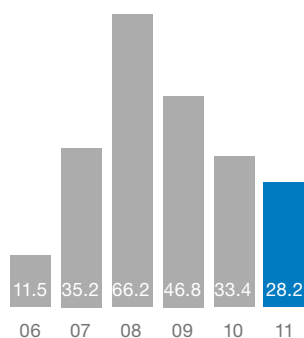
Strong balance sheet maintained with no debt and £24.7m cash

AuME at year end (\$bn)



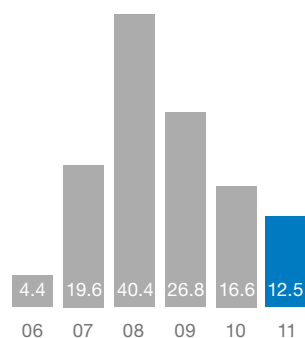
\$31.4bn

Revenue (£m)



£28.2m

Profit before tax (£m)



£12.5m

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 real. 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.

Group Overview

The Group, founded 28 years ago, has a leading position in managing currency for institutional clients. The Group has a long and strong track record for its Dynamic and Passive currency hedging products, and has established itself both in the eyes of clients and their investment consultants as a respected specialist in this sector.

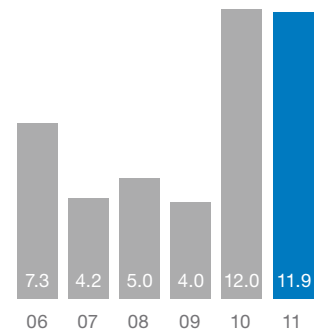
Currency for Return grew rapidly between 2003 and 2007, but has seen large outflows during the challenging times of the last three years. However, Record has developed and continues to develop new Currency for Return products. New products include a forward rate bias index tracking fund, an emerging market fund and a Euro stress fund.

Dynamic Hedging

These mandates have the reduction of exposure to currency risk as their principal objective and generating value as a secondary objective. Value is generated entirely through the asymmetric reduction of pre-existing currency risk.

\$11.9bn

AuME at year end (\$bn)

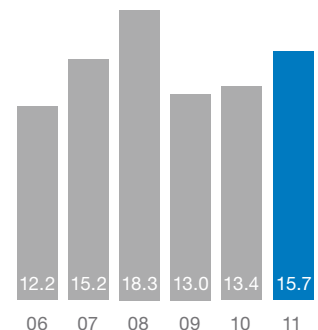


Passive Hedging

These mandates have the reduction of exposure to currency risk as their sole objective. They require execution expertise rather than investment judgement or skill.

\$15.7bn

AuME at year end (\$bn)

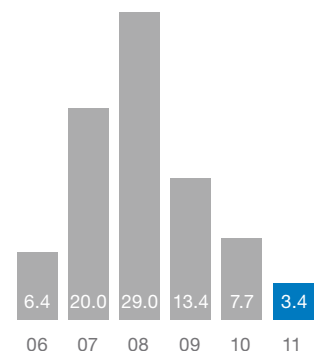


Currency for Return

These mandates have the generation of investment return as their principal objective. They have no hedging (i.e. reducing existing currency risk) objective.

\$3.4bn

AuME at year end (\$bn)



Financial highlights

	2011	2010
AuME	\$31.4bn	\$34.0bn
Management fees	£28.1m	£33.2m
Performance fees	nil	£0.2m
Operating margin	44%	49%
Earnings per share (basic)	4.03p	5.39p
Dividend per share in respect of the period	4.59p	4.59p

Investment strategy

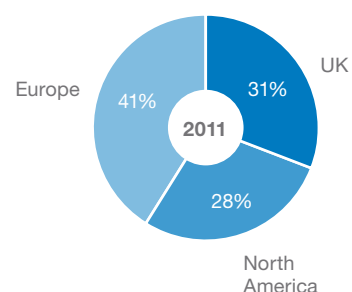
The Group's products are governed by the following principles:

- Over-riding focus on the client's objectives
- Strong, fundamental research directed towards the structural behaviour of the market's participants
- Long-standing products have systematic investment processes
- Avoidance of 'gurus' or personality-based investment decision making

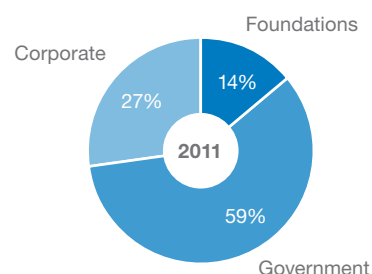
Distribution

The Group's distribution strategy is to focus on investment consultant relationships, as well as direct marketing by the in-house client team.

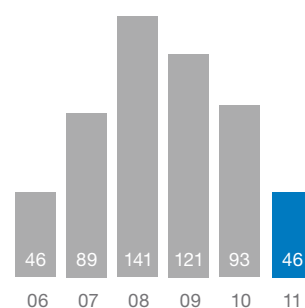
AuME by client location
31 March 2011 (%)



AuME by client type
31 March 2011 (%)



Client numbers
31 March 2011



Chairman's Statement

AuME were 8% lower than the previous year due to the continued decline in the Currency for Return product being mainly offset by a higher level of Passive Hedging business. Dynamic Hedging remained broadly unchanged year on year.



Neil Record
Chairman

The last twelve months have continued to be challenging and somewhat disappointing. Challenging because we have continued to see disrupted currency markets, through the continuation of quantitative easing providing headwinds to the core source of return in our principal Currency for Return strategy. Disappointing because we have not yet been able to build on the success we had in the previous financial year in gaining additional clients in either the US or UK to our Dynamic Hedging product. On a more positive note, we are confident about adding new Dynamic Hedging clients in the current financial year, and the launch of three new products is encouraging as we continue to diversify the business.

Our priority remains to enhance the range of currency management products which we offer to clients, and progress was made in the year with the launch of two fund-based products with a

further product launched in June 2011. All of these products have been externally marketed to clients and it is envisaged that these products will gain traction in the coming years and further improve the diversification of our income.

The first of these products builds on our firm belief that the currency forward rate bias is an asset class in its own right, and that there is a currency 'beta' return available to all. This view is increasingly gaining ground, and is endorsed by at least one of the major international investment consulting firms. Our partnership with FTSE Group has resulted in a second index being launched during the year, the FTSE Currency FRB10 index. We have launched an index-tracking fund and seeded this fund with an investment of £1m from the Group.

The second product is the Group's first fund to invest in emerging market currencies. We see

emerging market currencies as an important and growing opportunity for the Group, and we intend to launch a series of currency products to exploit this. The fund has been launched and again seeded with a £1m investment from the Group.

The third product, the Euro Stress Fund, seeks to generate a positive investment performance during times of stress in the Euro. This represents a significant departure for Record, as this is the first tactical and the first non-systematic product the business has launched. We have decided to make a foray into a new investment style to respond to the commercial potential in capitalising on the wide range of views in the market on the long-term viability of the Euro in its current form. This fund was also seeded with a £1m investment from the Group in June 2011.

Financial performance

The financial performance of the Group saw management fees decrease to £28.1m for the year to 31 March 2011, a decline of 15% compared to the year ended 31 March 2010. Given prior valuation levels (or 'high water marks') achieved, no performance fees were earned in the period.

The operating margin, at 44%, was also less than that achieved in the year to 31 March 2010 (49%). This reflects the fixed cost nature of the cost base excluding the Group Profit Share (GPS) which sets aggregate profit share at an average 30% of pre-GPS operating profit.

Overall profit before tax was £12.5m and earnings per share were 4.03p per share. The proposed final dividend is 2.59p per share which, together with the interim dividend, means the total dividend for the year remains unchanged at 4.59p per share. The Board will review the dividend policy ahead of the interim financial results in November 2011 to determine the appropriate dividend policy based on the prevailing business environment at the time. The Board's current intention, subject to business conditions, is to rebase the interim dividend from 2.0p per share to 0.75p per share. In rebasing the dividend, the Board will be mindful of achieving a level which it expects to be covered by earnings going forward.

The balance sheet was stronger at the year end due to the early payment of dividends in the prior year, with shareholder funds increasing by 13% to £29.1m. Cash balances were £24.7m, an increase of 13% on the previous year, reflecting both the earlier dividend payments and the earlier payments of Group Profit Share in the prior year. The Group has a regulatory capital surplus and has cash reserves equivalent to approximately two years' operating costs and no debt.

Aligned incentives

Record operates a profit share scheme whereby 30% of operating profits over the medium term are distributed between all employees of the Record Group. Every member of staff is entitled to a profit share, and the distribution within the staff is determined by each member's profit share 'units' and their salary. These are determined in a formal annual review process.

For the current financial year, the scheme is being slightly modified such that all senior managers, irrespective of their shareholding in the Company, will be required to receive at least one third of their profit-share in the form of share-based payments.

Additionally, in order to incentivise the sales effort, provision is also being made for commission arrangements which will be funded from within the profit share scheme.

For a small group of talented individuals below the senior management, a long term option based scheme has been established in addition to the Group Profit Share Scheme. It is our intention that all share-based schemes will not involve the dilution of existing shareholders.

Board changes and personnel

On 1 October 2010 the previously combined roles of Chairman and Chief Executive were separated. I remain as Chairman and James Wood-Collins has become Chief Executive. While James takes up this role at a very challenging time for the business, I am confident that he will enthusiastically pursue our aim of becoming a widely recognised solution for the variety of the currency issues that affect investors. James's appointment represents a continuation of the transition that started shortly after the IPO to put in place a new generation of management.

Group strategy and outlook

The broadening of the product range from three products at the IPO to six products today demonstrates our commitment to diversifying the product range and becoming less dependent on any one product. Whilst product diversification should ultimately result in a balance of income across products, the short term is likely to see a continuation of the trend towards hedging business as the new products gain acceptance with clients. We are continuing to strengthen our sales and distribution capabilities to make the most of our enhanced product range.

On the Dynamic Hedging side, we are seeing interest from a range of investors who have found the cash flows that arose from their passive hedges too disruptive, and where our Dynamic Hedging is seen as a cash flow controlled alternative. This has been particularly enhanced by the sentiment of some investors that currencies will continue to be very volatile over the coming years. We have seen a number of requests for proposals in the UK and have been selected for a £0.5bn UK based Dynamic Hedging mandate. This mandate has not yet started but contract discussions are underway. We believe that we should be able to add further assets in 2011. We also believe our Dynamic Hedging approach is well-suited to US institutional investors who are increasing the scale of their international equity investing.

In the field of Currency for Return products, we see the launch of three new funds as offering clients a range of alternative currency strategies in both developed and emerging markets. The combination of our existing active product in the forward rate bias, together with a passive product in the forward rate bias, an emerging markets product and a Euro stress product gives investors an attractive suite of Currency for Return products. We are working on developing two further strategies for currency value and currency momentum that should be launched in the current financial year.

Whilst the short term prospects are likely to continue to be challenging for the business, the implementation of a diversified range of currency products should benefit the business in the longer term.



Neil Record
Chairman

13 June 2011

Chief Executive Officer's Statement

The business now has a suite of six products that are available to clients, together with currency momentum and currency value products that should be available during the current financial year.



James Wood-Collins
Chief Executive Officer

As highlighted in the Chairman's Statement, we have continued to diversify the product range and launched two new products during the financial year and a further product in June 2011.

The business now has a suite of six products that are available to clients, together with currency momentum and currency value products that should be available during the current financial year.

The focus has now shifted to the delivery of new sales for all these products. The Client Team in the UK is being supplemented with additional resources and a process is on-going to identify sales resources in the US. The delivery of new sales is the key priority for the management team over the coming twelve months.

The Group's principal products had mixed fortunes during the year with Currency for Return overall continuing to see client outflows, Dynamic Hedging remaining broadly unchanged and Passive Hedging increasing as detailed below:

Currency for Return is predominantly the nine year established active forward rate bias product, which experienced very strong demand from institutional investors in 2006 and 2007, and hence rapid growth in AuME over that period. AuME subsequently declined between 2008 and 2011 with the loss of a significant number of typically smaller clients who were invested in the pooled funds. At 31 March 2011, AuME for active forward rate bias strategies, excluding other return-seeking strategies such as emerging market currencies, stood at \$2.3bn (2010: \$7.2bn).

These other return-seeking currency strategies, including emerging market strategies, accounted for \$1.1bn of AuME at 31 March 2011 (2010: \$0.5bn), almost entirely in segregated mandates. The passive forward rate bias strategy that is currently seed-funded only, is also included within Currency for Return, as other new return-seeking strategies including the Euro Stress Fund will be when launched.

Dynamic Hedging is our longest-standing product, with continuous client track records since 1985. AuME remained largely unaltered in the year at \$11.9bn at 31 March 2011 (2010: \$12.0bn). We continue to see interest in this product and anticipate further client additions in the coming twelve months.

Passive Hedging, at \$15.7bn AuME, accounts for 50% of AuME at 31 March 2011, but only 10% of fee income in the year. We are seeing a renewed interest in Passive Hedging, and increased willingness by clients to pay fees which we consider commensurate with the operational requirements and risk involved, and an appropriate return for Record.

Investment performance

Currency markets have returned to conditions closer to normality over the financial year, with one important exception – the continued persistence of ultra-loose monetary policy across the major economies in our developed market currency universe. Whilst these circumstances have prevailed for longer than we originally anticipated, we continue to believe that they cannot prevail indefinitely, and indeed we have already seen interest rate increases from the European Central Bank since the end of the financial year.

Other currency market characteristics that we exploit, in particular trending and the appreciation of emerging market currencies, have manifested themselves broadly as expected, although we have seen some shortening of the time horizons over which trending is evident, leading to more attention on opportunities for intervention in Dynamic Hedging mandates.

The year ended 31 March 2011 has therefore seen continuing 'in line' performance of the Dynamic Hedging product, negative performance for the active forward rate bias product, and positive performance for the emerging market product.

For US-based Dynamic Hedging clients, April and May 2010 were broadly characterised by a strengthening US Dollar, continuing a trend that had been established since December 2009. The high proportion of exposures hedged in these programs ('hedge ratios') allowed clients to outperform unhedged benchmarks substantially. The US Dollar trend then reversed from June 2010, and broadly weakened through to the end of the financial year. Whilst some of the value built up in hedging programs was lost in this rapid reversal, the Dynamic Hedging process rapidly reduced the hedge ratios to allow our clients to benefit from strengthening foreign currencies in their underlying portfolios.

For UK-based Dynamic Hedging clients, trending in Sterling was less evident over the financial year.

Currency for Return is the nine year established active forward rate bias product together with the three recently added return-seeking currency strategies.

The established active forward rate bias product experienced very strong demand from institutional investors in 2006 and 2007. AuME subsequently declined between 2008 and 2011. At 31 March 2011, AuME for active forward rate bias strategies such as emerging market currencies stood at \$2.3bn (2010: \$7.2bn).

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Dynamic Hedging

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This led to periods of positive performance against unhedged benchmarks (as Sterling strengthened against foreign currencies) and periods of negative performance (as Sterling weakened); overall performance was modestly negative for the year, due to the inherent costs of the investment process. Since this process is intended to allow clients to benefit from strengthening foreign currencies and be protected against weakening foreign currencies over multi-year currency cycles, no single year's performance can be taken as indicative of long-term performance.

For the active forward rate bias product, expressed as a percentage of underlying assets with no gearing ('gearing one' basis i.e. mandate sizes are scaled to an expected 4% tracking error), the excess return of our segregated composite was -3.39% for the year ended 31 March 2011, compared to the FTSE Currency FRB10 index excess return in GBP of +1.77%.

The FTSE Currency FRB10 index has outperformed our active product over this period because of the index's greater exposure to less liquid currencies (principally the Australian Dollar and the New Zealand Dollar) and the absence of risk management costs. Notwithstanding the outperformance over this period, we continue to have confidence in the investment process and long-term performance of our active product. Meanwhile, the index's performance over this period should support marketing of the FTSE FRB10 Index Fund.

Performance of our emerging market currency program since its live launch (as a segregated account) in November 2009 has been in line with the simulated performance since 1998. The excess return of our live program (both segregated and funded) was 2.08% for the year ended 31 March 2011. This return can be attributed to a number of the emerging market currencies of which we are long in the program, with diversification across developed market currency short positions also contributing to the performance.

We continue to anticipate that as the world economy returns to a more normal monetary environment, the long-standing forward rate bias track record demonstrated in the FTSE indices should re-establish itself. More broadly, our development of a range of return-seeking strategies should allow us better to ride out the periodic bouts of underperformance that are to be expected in any single return-seeking approach.

Product development

Our investment philosophy is well established over the last thirty years. We believe that long-term strategic outcomes for investment clients in the currency market are only reliably achievable by exploiting long-term and persistent characteristics of that market. We have maintained this philosophy in the face of the unusual and disrupted market conditions that have prevailed over much of the last three years, and we intend to continue to do so.

The active forward rate bias product principally exploits the forward rate bias (more commonly known as 'carry') as the key driver of investment returns, and allies this to trends (or 'momentum') as a downside risk-control mechanism in order to limit our clients' exposure to periods of forward rate bias underperformance. This product also exploits short-term 'mean reversion', although to a lesser degree.

Our confidence in the risk premium, or 'beta' nature of the forward rate bias underpins our partnership with FTSE Group to develop forward rate bias indices, as well as our development of the FTSE FRB10 Index Fund. A comparison of our active and passive forward rate bias track records demonstrates the effectiveness of our active investment process, in particular the trend-exploiting downside risk-control mechanism.

The emerging market currency strategies exploit a distinct characteristic of these markets – namely that as their economies converge in GDP per capita terms with developed markets, and do so through international trade and globalisation, their currencies are expected to appreciate against developed market currencies. This effect, sometimes known as the 'Balassa-Samuelson' effect, can be observed over the last thirty-five years.

The Euro Stress Fund is a new departure for Record, in that it represents both a tactical and a non-systematic approach. We believe that the uncertainties that lie ahead for the Euro mean further stresses for the currency union that may create opportunities for investors to profit from Euro destabilisation. These opportunities will necessarily be path-dependent, and hence their exploitation is less systematic than Record's longer-established strategic products.

In launching the Euro Stress Fund, we have established a fully regulated Jersey management

company. This is Record's second jurisdiction for funds and provides both diversification and potential opportunities from Jersey-based investors for which Dublin-based funds are not appropriate.

Rounding out our suite of return-seeking currency products will be the currency value and currency momentum products that we expect to launch in the current financial year. Both exploit characteristics that we have long-recognised – 'currency value' is the recognition of long-term mean reversion amongst developed market currency pairs, and so underpins many of the arguments for hedging, and momentum is at the core of our downside risk-control mechanisms. We have not sought to exploit either of these as stand-alone return sources in recent years, and are now starting to do so in response to client demand. Our development of these new products also creates opportunities for multi-strategy currency products, accessing multiple return sources in the currency market.

Turning to our hedging products, our Dynamic Hedging product primarily exploits trends to allow our clients to benefit from strengthening foreign currencies, and then to implement hedging against weakening foreign currencies.

Finally, our Passive Hedging product does not exploit any of the currency market characteristics identified above (although the arguments for hedging developed market currency exposures rely on long-term mean reversion). Our implementation of Passive Hedging does rely on a number of important attributes of Record, not least our expertise in designing hedging programs so as to be as straightforward for the client to administer as possible, and our fiduciary duty and moral obligation to achieve 'best execution' for our clients in all of their transactions.

This duty, and our expertise in fulfilling it, is creating an opportunity to offer execution-only mandates, where we transact for clients (solely as agent and not as principal) in respect of 'ordinary course' FX transactions. Demand for unconflicted FX execution has risen, in large part due to well-publicised concerns in the US over custodian banks' FX execution. Offering execution-only mandates, whilst modest in revenue terms, is also remunerated on a basis which we consider commensurate with the operational requirements and risk involved. Execution-only and Passive Hedging mandates

also offer opportunities to migrate at least some of these new clients to higher value-added services in the future.

New business initiatives

The expansion of our product range has created a more diversified base from which to grow the business, reducing our dependence on any one investment strategy. With this diversification largely complete, our attention has shifted to ensuring that we have the right sales and distribution resources in place to take advantage of our expanded product range.

Our core UK pension fund market continues to be largely driven by investment consultants. With that in mind, we have added one member to the Client Team to focus exclusively on UK investment consultant relations, working closely with other members of the team and senior members of Record's management group.

In the US, we see a combination of factors increasing demand for our products, in particular execution-only and hedging. These factors include the growing use of global equity benchmarks and the consequent increase in international equity investing, and the concerns over custodian FX execution highlighted above. This, allied with increasing reliance on investment consultants by US pension plans (in particular public sector plans), has caused us to look at adding dedicated US-based sales and consultant relations resources, and we are hopeful of finalising this in the first half of the current financial year.

Since the end of the financial year, we have also added a senior member of the Client Team with long-standing experience in the currency market, whose remit will focus on opportunities in Europe excluding the UK pension fund market. When combined with the rest of the team's focus on the UK, Swiss and North American markets, we believe our sales and distribution resources will prove effective in making the most of our enlarged product range. The combined effect of these changes will add approximately £0.5m to the cost base.

In order to position Record so that it can benefit from developments in the currency market, we have continued to recruit talented individuals, enhance our processes and invest in systems infrastructure. In particular, the Group is currently in the process of implementing a new back-office system that we anticipate will be completed in the current financial year.

Passive Hedging

at \$15.7bn AuME, accounts for 50% of AuME at 31 March 2011, but only 10% of fee income in the year. We are seeing a renewed interest in Passive Hedging, and increased willingness by clients to pay fees which we consider commensurate with the operational requirements and risk involved and an appropriate return for Record.



James Wood-Collins
Chief Executive Officer

13 June 2011



“Everyone is committed to providing our clients with a responsive and high quality service.

Recent product developments have expanded the range of currency investment opportunities that Record can offer clients”

Joel Sleigh
Reporting Services

Business Review

The twelve months to 31 March 2011 saw a stable level of AuME for the Dynamic Hedging business that accounted for 62% of fee income. Currency for Return products continued to see a decline in AuME and investment performance was negative for the year as a whole. Passive Hedging saw an increase in the year.

Introduction

The Business Review is a review of the business by management. Its purpose is to provide shareholders with a summary, setting out the business objectives of the Group, the Board's strategy to achieve those objectives, the risks faced, the regulatory and operating environment and the key performance indicators (KPIs) used to measure performance.

This review has been prepared in accordance with the requirements of Section 417 of the Companies Act 2006 and it forms part of the Directors' Report. The Company's auditor is required to report on whether the information given in the Directors' Report and Business Review is consistent with the financial statements.

Overview

The twelve months to 31 March 2011 saw a stable level of AuME for the Dynamic Hedging business that accounted for 62% of fee income. Currency for Return products continued to see a decline in AuME and investment performance was negative for the year as a whole. Passive Hedging saw an increase in the year. The Group saw an overall decrease in AuME, client numbers, fee income and operating profit. The balance sheet of the Group remains strong with substantial cash and capital resources available to the Group.

“The key to understanding a client's performance starts with informative reporting”

Sarah Hannay
Reporting Services



KPIs

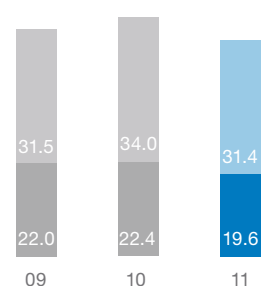
The Board and Executive Committee use a number of key performance indicators (KPIs) to monitor the performance of the Group. A three year history of these KPIs is shown below.

AuME at 31 March

AuME decreased by \$2.6bn (8%) during the year. AuME, when measured in Sterling, decreased by £2.8bn (13%).

AuME 31 March

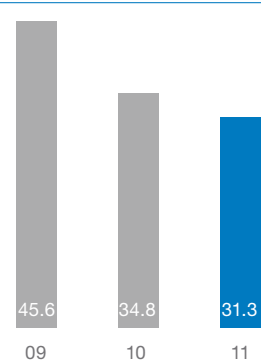
■ AuME (\$bn)
■ AuME (£bn)



Average AuME

Average AuME decreased by \$3.5bn (11%) during the year. The largest component was the significant fall in Currency for Return AuME.

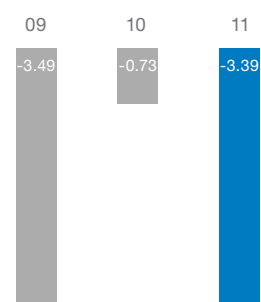
Average AuME Year ended 31 March (\$bn)



Currency Alpha Composite ¹

The excess return of our segregated Alpha Composite, expressed as a percentage of underlying assets on an ungeared basis, was -3.39%.

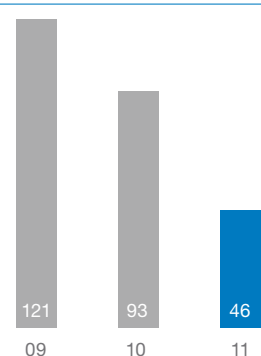
Currency Alpha Composite Year ended 31 March (%)



Client numbers

Client numbers: this represents the number of separate legal entities that have invested in a Record fund or appointed Record directly as an investment manager. Each entity may have more than one mandate. The number of clients at 31 March 2011 was 46, a fall of 47 over the year.

Client Numbers 31 March (no.)

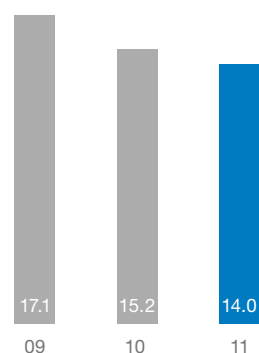


Average management fee rates

The average management fee rates achieved were maintained year on year for all products. However the change in product mix due to the decline in Currency for Return has caused a decrease in blended average management fee rate from 15.2bps to 14.0bps

Average management fee rates

Year ended 31 March (bps)

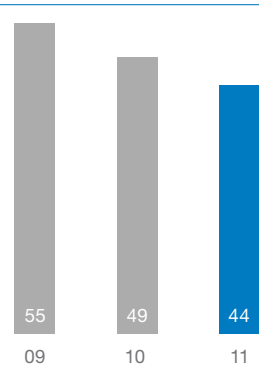


Operating profit margin

A combination of reduced management fees, marginally higher fixed costs and a reduced profit share cost resulted in an operating profit margin of 44% for the year to 31 March 2011.

Operating profit margin

Year ended 31 March (%)

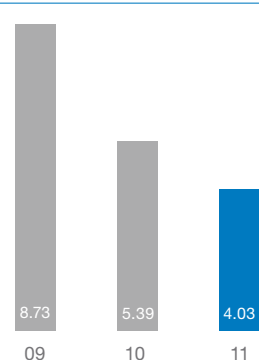


Basic earnings per share

The decrease in operating profit margin is reflected in the fall in the Group's earnings per share to 4.03p per share.

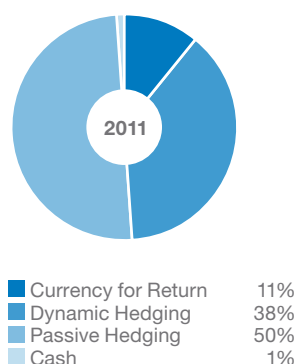
Basic earnings per share

Year ended 31 March (pence)

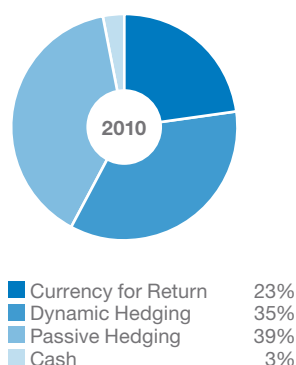


1 Currency Alpha Composite – an investment return track record generated by the aggregation of all standard segregated track records for Record's Currency for Return product. The Currency Alpha Composite is asset weighted, based on AuME for each account.

AuME by product
31 March 2011 (%)



AuME by product
31 March 2010 (%)



Product review
Investment performance

Our hedging products are systematic in nature. The effectiveness of each of the client programmes 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 program in line with the client's risk tolerance.

The performance of our Dynamic Hedging product depends on how the foreign currencies change in value relative to the base currency of a client. During the last year, our US-based clients benefited not only from the strong performance of overseas equities but also from the consistent depreciation of the US dollar relative to other developed market currencies. Under this scenario overseas investments increase in value, and our Dynamic Hedging programme is designed to allow for the strength of the underlying foreign currency performance to translate into strong performance expressed in US dollars. As the foreign currencies were outperforming the US dollar, the Dynamic Hedging program was decreasing the extent of the foreign currency hedging but positioned to protect the accumulated currency gains in case of US dollar reversal towards strength. During the year the Dynamic Hedging product performed as expected and allowed clients to participate in the majority of these currency gains.

It was a different picture for our UK-based clients where the overseas equity markets performed well, but this outperformance was partially offset by moderate weakness of the foreign currencies against Pound Sterling.

Under this scenario our Dynamic Hedging product reacted by increasing the level of currency protection, although in the absence of clear trends the overall performance was slightly negative.

For the Currency for Return product, the core investment process, the Trend/Forward Rate Bias (FRB) strategy, aims to buy selected higher interest rate currencies and sell selected lower interest rate currencies and to manage these positions with a view to controlling downside risk. Historically this investment approach has shown positive returns due to the existence of the Forward Rate Bias and trending movements in selected currency pairs, although in the period since the beginning of the credit crunch the returns from the Forward Rate Bias have been negative. Last year saw the beginning of a reversal in the policy of low interest rates and various other methods of ultra-loose monetary policy in the developed world. Several developed world countries began the cycle of monetary tightening but the overall state of heightened risk aversion was dominated by the instability in the Euro-zone and uncertainties around the economic recovery in the US. The heightened risk aversion resulted in further depreciation in traditionally high interest rate currencies which in turn created opportunities for longer term recovery in performance. The table below shows the extent of weakness in US dollar (USD), Pound Sterling (GBP) and the Euro (EUR) against traditionally low interest rate currencies like the Japanese Yen (JPY) in the period from June 2007 to December 2010:

Currency Pair	Depreciation of high interest rate currency since June 2007
USD vs. JPY	34%
GBP vs. JPY	49%
EUR vs. JPY	35%

Performance for a US Dynamic Hedging Client



Source: Record Currency Management Limited, WM/Reuters. Protected currency return is calculated as the weighted average currency return plus the contribution from hedging. Results combined for International and Global portfolios. Returns from 30 April 2009 to 31 March 2011.



“The trading team is committed to providing best execution for our clients across all instruments”

Sushil Bansal
Trading

Annual returns of Record Umbrella Currency Funds; year to 31 March 2011

Fund Name	Gearing	Annual return %	Volatility since inception % p.a. ¹
Cash Plus	7	(24.75%)	19.63%
US Cash Plus	7	(24.11%)	19.93%
US Equity Plus	6	(15.20%)	24.95%
Sterling 20	5	(15.44%)	11.22%
UK Equity Plus ²	6	(1.79%)	n/a
FTSE FRB10 Index ³	1.8	3.87%	n/a
Emerging Market Currency ⁴	1	2.69%	n/a

Index /composite returns	Annual return %	Volatility since inception % p.a.
Alpha composite	(3.39%)	2.81%
FTSE Currency FRB5 GBP Excess return	(4.93%)	5.69%
FTSE Currency FRB10 GBP Excess return	1.77%	4.72% ⁵
Global Equities (S&P 500) ⁶	46.57%	14.81% ⁷

- 1 No volatility data is provided for products with less than 12 months historic data
- 2 UK Equity Plus Fund return data is since inception in October 2010.
- 3 FTSE FRB10 Index Fund return data is since inception in December 2010.
- 4 Emerging Market Currency Fund return data is since inception in December 2010.
- 5 Inception date is 31 December 1987
- 6 For comparison only
- 7 Since December 1987

The recovery path in the performance of the forward rate bias remains unknown, but historically following previous periods of forward rate bias underperformance, a substantial portion of the recovery came from appreciation of high interest rate currencies in anticipation of tightening in the monetary policy.

Gearing

The Currency for Return product group allows clients to pick the level of exposure they desire in the FX currency programmes. The pooled funds offer clients a range of gearing and target volatility levels with either Sterling or US Dollars as the base currency. The segregated mandates allow clients to individually pick the level of gearing.

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

The level of gearing has a direct consequence on the level of volatility to which the investment will be exposed. A 5 times geared fund in the long-established Currency for Return FRB product should anticipate

volatility of 20%, compared to a 7 times geared fund volatility of 30%. By comparison, an equity portfolio typically has a volatility of around 14%.

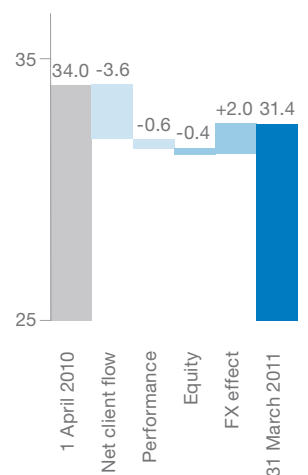
The level of gearing obviously impacts on the returns that clients have experienced and this has been particularly relevant in an environment of predominantly negative returns. Pooled clients in the higher geared funds have seen losses that have increased their propensity to redeem their investment.

AuME development

The Group has seen an overall decrease in AuME of \$2.6bn through the year, reaching \$31.4bn at the year end.

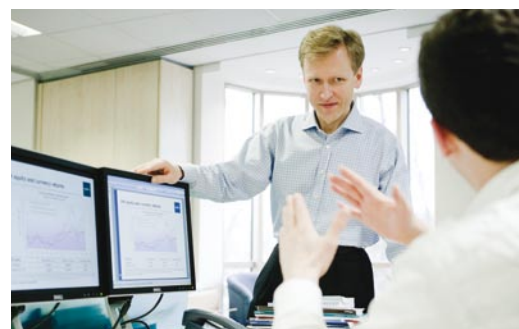
AuME movements result both from factors within Record’s control and external factors. External factors include the Sterling/US Dollar exchange rate and the underlying asset value (usually equities) on which hedging mandates are based. External factors accounted for a rise of \$1.6bn in AuME during the year.

AuME development bridge Year to 31 March 2011 (\$bn)



“Portfolio Management creates value for clients not only by managing investment portfolios but also by clearly and effectively communicating the results”

Dmitri Tikhonov
Portfolio Management



AuME composition by product and base currency

Base currency	Currency for Return – Segregated		Currency for Return – Pooled		Dynamic Hedging		Passive Hedging	
	31 Mar 11	31 Mar 10	31 Mar 11	31 Mar 10	31 Mar 11	31 Mar 10	31 Mar 11	31 Mar 10
Sterling	GBP 0.3bn	GBP 1.3bn	GBP 0.8bn	GBP 2.4bn	GBP 1.2bn	GBP 1.1bn	GBP 3.6bn	GBP 3.0bn
US Dollar	USD 1.0bn	USD 0.8bn	–	–	USD 8.9bn	USD 9.4bn	–	–
Swiss Franc	CHF 0.5bn	CHF 0.7bn	–	–	CHF 1.0bn	CHF 0.9bn	CHF 7.9bn	CHF 8.2bn
Euro	–	–	–	EUR 0.3bn	–	–	EUR 1.0bn	EUR 0.8bn
Canadian Dollar	CAD 0.2bn	CAD 0.2bn	–	–	–	–	–	–
Total AuME US Dollars	USD 2.2bn	USD 3.6bn	USD 1.2bn	USD 4.1bn	USD 11.9bn	USD 12.0bn	USD 15.7bn	USD 13.4bn

The Group has seen net outflows of \$3.6bn from clients. Inflows from both new and existing clients totalled \$2.4bn, and were offset by outflows of \$6.0bn. Other movements included:

- (i) a fall of \$0.4bn related to movements in global stock and other markets as many mandate sizes are linked to such markets;
- (ii) a rise of \$2.0bn due to changes in exchange rates over the period, which affects the conversion of non-US Dollar mandate sizes into US Dollar AuME. This does not have an equivalent impact on the Sterling value of fee income; and
- (iii) a decrease of \$0.6bn due to investment performance in the Group's pooled funds, which is compounded on a geared basis into the AuME in those funds.

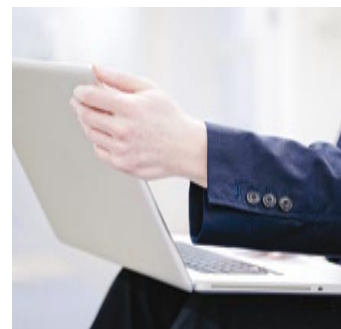
Of these movements, (i) and (ii) are outside the control of the Group.

When expressed in Sterling, AuME in the year decreased by 13% to £19.6bn (2010: £22.4bn). This decrease is more representative of the impact of AuME on underlying management fee income with 31% of year end AuME being denominated in Sterling, 32% in US Dollars, 33% in Swiss Francs and 4% in Euros.

Record's Currency for Return products are offered on either a segregated mandate basis or through pooled funds, where clients subscribe for units in funds for which Record is the distributor and investment manager. Segregated Currency for Return AuME fell to \$2.2bn (2010: \$3.6bn) due principally to the net outflows which totalled \$1.5bn. Included in the segregated Currency for Return mandates are a small number of mandates for emerging market currencies totalling \$1.1bn (2010: \$0.5bn). Record's pooled funds experienced significant outflows with AuME falling to \$1.2bn (2010: \$4.1bn).

Dynamic Hedging mandates remained largely unchanged at \$11.9bn (2010: \$12.0bn). There were no material changes to the constitution of the Dynamic Hedging business in the year.

Passive Hedging AuME increased by \$2.3bn, a 17% increase in the year. This increase was the combination of three factors: net inflows of \$0.8bn, the movement in the Sterling/US Dollar exchange rate (an increase of \$1.6bn) and a fall of \$0.1bn in value of the underlying assets, typically international equities, that the hedging programme is established to hedge against. A number of passive mandates are linked to overall programmes under which an additional Currency for Return or Dynamic Hedging mandate incorporates an element of Passive Hedging.



AuME composition by product \$bn

	31 March 11		31 March 10	
	\$bn	%	\$bn	%
Currency for Return – segregated	2.2	7%	3.6	11%
Currency for Return – pooled	1.2	4%	4.1	12%
Sub - Total Currency for Return	3.4	11%	7.7	23%
Dynamic Hedging	11.9	38%	12.0	35%
Passive Hedging	15.7	50%	13.4	39%
Cash	0.4	1%	0.9	3%
Total	31.4	100%	34.0	100%

AuME composition by product £bn

	31 March 11		31 March 10	
	£bn	%	£bn	%
Currency for Return – segregated	1.4	7%	2.4	11%
Currency for Return – pooled	0.8	4%	2.7	12%
Sub - Total Currency for Return	2.2	11%	5.1	23%
Dynamic Hedging	7.4	38%	7.9	35%
Passive Hedging	9.8	50%	8.8	39%
Cash	0.2	1%	0.6	3%
Total	19.6	100%	22.4	100%

Product mix

The Group's product mix has continued to change over the period due to the AuME movements described above. Hedging AuME has grown to 88% of AuME (2010: 75%), as a result of the growth of the Passive Hedging product, which accounts for 50% of AuME (2010: 39%). Together Currency for Return and Dynamic Hedging represent 49% of AuME (2010: 58%) being higher margin products compared to Passive Hedging. Dynamic Hedging mandates made up 38% of AuME (2010: 35%). Currency for Return pooled funds made up 4% of AuME (2010: 12%) and Currency for Return segregated funds 7% of AuME (2010: 11%).

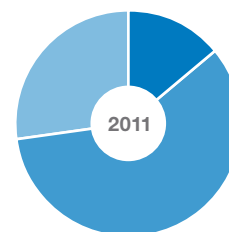
At 31 March 2011 Record had 46 clients. The Group has gained a small number of new clients in the year but overall experienced a net loss of 47 clients.

Strategy

The strategic goals of the Group remain unchanged even in the current period of strain in financial markets:

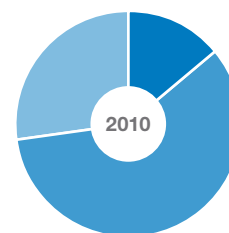
- To offer a range of currency solutions to a range of institutional clients;
- To exploit opportunities for hedging (Dynamic and Passive) products in the current market environment;
- To develop both existing and new products within currency management, including emerging market currencies, momentum and value strategies;
- To promote currency Forward Rate Bias as a manager-independent asset class – currency 'beta';
- To maintain and grow Currency for Return, including emerging market currencies;
- To respond quickly and flexibly to clients' currency management needs; and
- To continue investment in people and infrastructure.

AuME by client type 31 March 2011 (%)



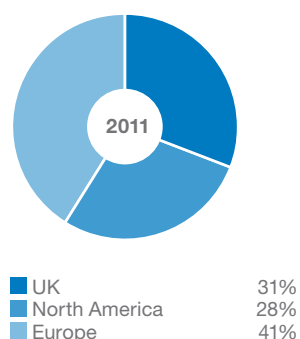
Foundations	14%
Government	59%
Corporate	27%

AuME by client type 31 March 2010 (%)

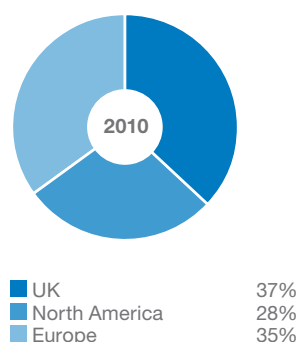


Foundations	13%
Government	59%
Corporate	28%

AuME by client location
31 March 2011 (%)



AuME by client location
31 March 2010 (%)



Market development Currency Solutions

Currency solutions potentially encompass a wide range of activities. This ranges from clients seeking to be educated about currency exposure and solutions through to bespoke and tailored solutions for clients. In particular, we are currently seeing a number of cases where it is alleged that custodians have been taking excess spreads on currency transactions for clients and we have seen an increasing number of requests for general currency advice. This ranges from clients asking Record to undertake a currency audit of transactions through to clients exploring whether Record could offer execution services instead of a client's custodian. It is believed that this business line could grow in the coming twelve months and equally that clients who commence with an execution mandate, may in time look for hedging and for return-seeking solutions.

Hedging opportunities

The continued volatility in exchange rates over the last three years has caused investors to re-examine their strategy for managing exchange rate exposure, particularly in the US where exposure to international assets continues to increase. Hedging now represents 88% of AuME and 72% of management fee income.

Passive Hedging

We began re-marketing our Passive Hedging product in 2010 and this has now resulted in growing AuME for this product. Clients have been attracted to Record because we offer independent trading relationships and we are able to manage counterparty exposure on behalf of clients.

Whilst Passive Hedging has many benefits over not hedging, there are particular cash flow implications during periods in which a client's base currency is weak. For example, UK investors with international equities have seen the value of their international equities appreciate as Sterling has weakened. Those investors who chose a passive hedging strategy have seen an offsetting cost associated with this hedging strategy that has often had very significant cash flow implications.

Dynamic Hedging

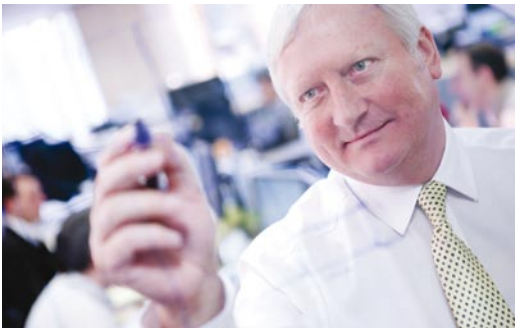
Record's Dynamic Hedging programme is an attractive alternative to Passive Hedging that seeks to benefit when a client's base currency is strong and limit the costs when the base currency is weak. However, the product requires a level of confidence in Record together with a high level of understanding from the investment consultants, investment managers and trustees of a scheme. This, combined with a lack of obvious competition or similar product offerings, has often proved challenging for Record. The product itself, has continued to perform in line with expectations during this period, for both UK and US clients.

Currency for Return opportunities

Record's established active FRB strategy has seen a period of negative performance from July 2007 to March 2011. The product has seen significant outflows over the last three years and it is likely that there will be further outflows in the short-term. In particular, the pooled funds, through which the majority of clients invested, have seen the majority of investors redeem their investments over this period.

Record remains committed to the long-term performance of this product and believes that performance will return. Interest rate differentials are likely to revert to levels reflecting differences in supply, demand and risk of currencies, and higher interest rate currencies are likely to appreciate in anticipation of this, benefitting the investment process.

In the medium term, providing positive performance returns, Record believes that the environment will be favourable for clients to consider currency as an alternative asset class in its own right.



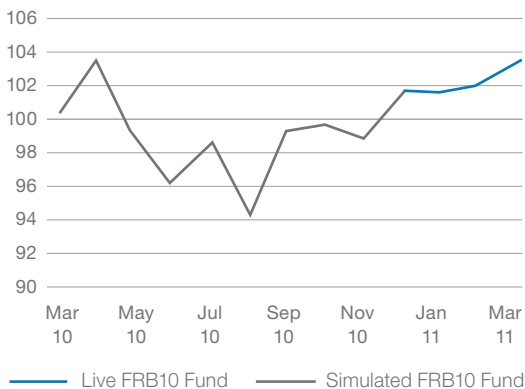
“Sound corporate governance and strong risk management controls are key for credibility with clients”

Robert Aitken
Compliance

Currency Beta

One of Record’s medium to long-term aims is to develop currency as an asset class in its own right. The ‘asset class project’, which started in 2009, has seen the launch of a second currency index, the FTSE Currency FRB10 Index, in December 2010. Record launched a pooled fund, the Record Currency FTSE FRB10 Index Fund, to track this FTSE index and invested £1m in December 2010. It is envisaged that there will be client demand for this product in the current financial year.

FTSE FRB10 Index Fund performance¹



Emerging Market currency excess returns²



Euro Stress

In June 2011, Record launched a Jersey-based fund that is positioned to generate a return when the Euro experiences periods of strain on the currency union. Record seeded the fund with a £1m investment and the fund is currently being marketed to potential clients. This fund is more discretionary in style and is managed on a day to day basis by the Portfolio Management Group, consisting of the Chief Investment Officer, Head of Portfolio Management, Head of Portfolio Implementation and the Head of Trading.

Emerging Market

Record recognises that emerging market currencies offer investors an opportunity to either seek to make a return from emerging market currencies or seek to separate the underlying on-shore asset performance (typically equities or bonds) from the currency effect. Record currently has a small number of segregated accounts, totalling \$1.1bn of AuME for which an emerging market currency option portfolio and an emerging market currency strategy are implemented. Additionally, a pooled fund product was launched in December 2010 and seeded with a £1m investment from Record.

¹ Record Currency Management Ltd, live returns since 31 December 2010, simulated returns prior to this.

² Record Currency Management Ltd, to 31 December 2010 and Northern Trust International Funds Administration Services from 1 January 2011

Product development

It is widely recognised that there are four popular systematic trading styles in FX, namely: “carry”; “value”; “momentum” and “short volatility”. Record intends to launch two new strategies in the coming twelve months to exploit Currency Momentum and Currency Value. These seek to exploit long-term mean reversion and short-term trending in currency markets respectively and have generated beta-like returns over the last 30 years. These planned product launches will complement our existing offering in the carry (forward rate bias) and emerging market strategies. These indices will then allow investors to tailor their allocation to four different return streams, in varying weights if necessary.

Currency Momentum

Momentum in currency is defined as the tendency of the spot rate to appreciate after a prior appreciation, and to depreciate after a prior depreciation. This market inefficiency has persisted across different currencies and it is present in other asset classes, such as equities. Currency is commonly thought of as trending and a momentum strategy would seek to make a return from this phenomenon.

Currency Value

Research suggests that purchasing power parity (PPP) valuation models have been relatively good predictors of the long term direction of spot movements. For example, if a currency deviates too much from its equilibrium value (as indicated by PPP), then this deviation will be corrected. The more significant the deviation, the more pressure on the exchange rate to revert to fair value and, consequently, the more rapid the reversion. Currency value strategies exploit this insight, buying currencies that are undervalued relative to PPP and selling currencies that appear overvalued.

People management

Record's success depends on its ability to attract, retain and motivate highly talented staff.

Recruitment

The recruitment process is carefully structured to ensure that the right people are recruited into the Group. This continues with a comprehensive induction programme for all new joiners to allow them to adapt to the specialist environment within Record.

The Group has continued to recruit selectively throughout the year in order to maintain a flexible, scalable platform for future growth. The number of employees in the Group at 31 March 2011 was 70 (2010: 70).

Staff retention and motivation

An effective performance review and objective setting process, personal development planning including the development of career paths, together with our open and involving office culture, are all key priorities in the development and retention of our staff. In addition, the Group Profit Share Scheme promotes the acquisition of equity in the Company by staff, improving both motivation and retention.

Board and management succession

As indicated in the Report and Accounts for the period ended 31 March 2010, the joint role of Chairman and Chief Executive was split on 1 October 2010. From this date, Neil Record, who had previously performed the joint role, assumed the role of Executive Chairman and relinquished the role of Chief Executive.

James Wood-Collins was appointed Chief Executive and joined the Board on 1 October 2010. James joined Record following the IPO in 2008 and was Head of the Client Team prior to being appointed Chief Executive. Prior to joining Record, James worked at J.P. Morgan Cazenove.

At the same time, Leslie Hill re-assumed responsibility for leadership of the Client Team and Paul Sheriff assumed the position of Chief Operating Officer in addition to his role as Chief Financial Officer, formalising a position he had fulfilled since August 2009.

Infrastructure development

Record is regularly reviewing its internal systems and processes in order to realise gains in capability, profitability, efficiency and effectiveness, and to reduce its risk profile. After a formal evaluation process, the Group has been working to implement a new middle and back office platform.

This system is currently undergoing user acceptance testing and it is envisaged that the system will be live in the current financial year. The system should provide Record with increased flexibility, both now and in the future, in terms of:

- adding new instruments;
- deploying new products and portfolios; and
- delivering an improved level of client service.

The implementation of this system should enhance the control environment through the:

- robustness of a proven third party system;
- reduction of 'off system' processes; and
- standardisation of operational processes.

Risk management

The Board recognises that risk is inherent in all of its business dealings, and in the markets and instruments in which the Group operates. It therefore places a high priority on ensuring that there is a strong risk management culture within the Group. Effective risk management and strong internal controls are central to the Group's business model and during the year the Group has made further progress in developing this framework.

The Audit and Risk Committee was established to provide oversight and independent challenge in relation to internal control and risk management systems and procedures. The Compliance Director is responsible for ensuring compliance with appropriate legal and other regulatory standards, and for internal risk review of operational processes. Additionally, Deloitte LLP performed a number of pieces of assurance work in respect of Record's internal controls during the year.

The Board has established a Risk Management Committee which is chaired by the Chief Financial Officer/Chief Operating Officer and has the Head of Operations, the Head of Portfolio Management, the Head of Trading, the Head of Reporting Services, the Head of Portfolio Implementation and the Head of Compliance as members. The Committee reviews existing and new risks, and the incidence and nature of any operational errors with the objective of ensuring that adequate systems and controls are in place to minimise and preferably eliminate such errors and their impact on both the Group and its clients. Further details are provided in the Corporate Governance section of the Annual Report.

The Group appointed Grant Thornton UK LLP as the reporting accountant for its Audit and Assurance (AAF 01/06 and SAS 70) reports. There are two types of assurance engagements associated with the AAF framework, specifically 'reasonable' assurance engagements and 'limited' assurance engagements. The Group undertakes the higher standard of 'reasonable' assurance engagements.

Risk management continued

The principal risks faced by the Group fall into a number of distinct categories and the means used to mitigate them are both diverse and relevant to the nature of the risk concerned. The principal risks and the means used to mitigate them are set out below:

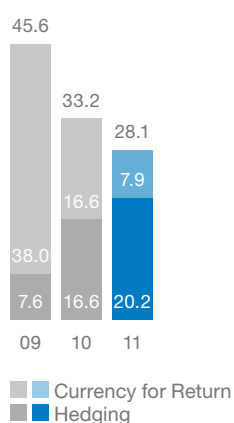
Risk type/owner	Description of risk	Mitigation
Strategic and business risks The risk that the medium and long term profitability of the Group could be adversely impacted by the failure to identify and implement the correct strategy. Delegated to: Record plc Board; and Executive Committee	These include: Any impairment to Record's standing in the currency management markets with investors and investment consultants may result in the loss of AuME and/or fee income. Loss of key personnel; could impact on the management of the Group and/or lead to a loss of AuME.	These include: The Board's lengthy investment management experience. Record's risk appetite does not extend to taking either regulatory or reputational risks within the decision making process. Sufficient allocation of resources is provided to enhance prevention of any systemic failures of day to day product implementation that could affect the firm's reputation. The Group's investment process is steered by an Investment Committee of five, and for all products except the Euro Stress Fund is managed on a day to day basis by a systematic process which is not reliant on any individual employee. All clients have two points of contact to ensure continuity in the client relationship if any one person left. The Group considers that its remuneration policy and in particular the operation of the Group Profit Share Scheme promotes key personnel retention and effective risk management.
	Concentration risk on single product type; Record's products are all currency management based hence it would be adversely affected by a move away from Dynamic Hedging and/or currency as an asset class by its core client base.	Diversification of investment capabilities across risk reducing and risk taking products to reduce single event/product exposure.
	Account concentration; Record has a relatively small number of high value clients. Its largest client generated 33% of management fee income in the year ended 31 March 2011. The largest five clients generated 59% of management fee income and the largest ten clients generated 76% of management fee income in the year ended 31 March 2011.	Record's commitment to client services excellence, the transparency of the investment process and the regular reporting and face to face contact with clients is integral to retention.
	Reliance on investment consultants; if a consultant no longer believes that Currency for Return or Dynamic Hedging is suitable for clients and/or a consultant no longer believes that Record is a recommended investment manager, then this could result in a loss of AuME.	The Group devotes considerable senior management time and effort to its relationships with the investment consultancy firms to ensure that developments within the Group and its investment research and processes are understood by these firms.
	Changes in the regulatory environment or tax regime making investment in currency less attractive to investors.	Diversification of investment capabilities across risk reducing and risk taking products to reduce single event/product exposure.
Investment risks The risk that long term investment outperformance is not delivered, damaging prospects for winning and retaining clients, and putting average management fee margins under pressure. Delegated to: Investment Committee	These include: The Group is paid by its Currency for Return clients to generate positive investment performance over the medium and long term by taking investment risk on their behalf. Any sustained period of poor investment performance reduces the value of AuME in the Group's pooled funds and segregated mandates that could lead to mandate terminations by clients, to loss of confidence in the Group's investment model by clients, potential clients and the investment consultants who advise them. The Group's Dynamic Hedging products seek to vary the hedge ratio of a client's portfolio such that a client benefits from the hedging programme in periods of base currency appreciation and limits the costs in periods of base currency weakness. Prolonged periods of base currency weakness or strength may lead clients to re-assess the benefits of the product.	These include: Experienced Investment Committee meets frequently ensuring consistent core investment processes are applied. Dedicated currency management research and investment focus. Remuneration policy links senior management's remuneration to long term performance of the Group. Experienced Investment Committee meets frequently ensuring consistent core investment processes are applied. Dedicated currency management research and investment focus.

Risk type/owner	Description of risk	Mitigation
<p>Operational risks</p> <p>Risks in this category are broad in nature and inherent in all businesses. They include the risk that operational flaws result in business losses – through error or fraud, the inability to capitalise on market opportunities, or weaknesses in systems and controls.</p> <p>Delegated to: Risk Management Committee</p>	<p>These include:</p> <p>The Group is exposed to the risk of failure of its proprietary IT system (ROMP, or Record Overlay Management Programme) and/or other IT systems.</p> <p>Execution and process management; dealing, portfolio, settlement and reporting errors.</p> <p>Non-compliance, including monitoring of investment breaches.</p> <p>Record's investment process involves high daily trading turnover of client positions in both size and volume, therefore it can be said to be reliant on market liquidity.</p> <p>Record exposes clients to derivative transactions with large banks as the counterparty. As an over the counter (OTC) product, these contracts inherently contain a degree of counterparty risk with the counterparty bank.</p>	<p>These include:</p> <p>The Group has developed comprehensive disaster recovery and business contingency plans. These cover scenarios from server failure to destruction of the Group's offices. Alternative office facilities and equipment are available at a disaster recovery provider should the premises be compromised. Disaster recovery procedures are tested on a regular basis at the site of the disaster recovery provider.</p> <p>Engagement letters or service level agreements are in place with all significant service providers.</p> <p>Record prepares an annual AAF 01/06 report and SAS 70 report. The contents of these reports, which have been independently reviewed and tested by Grant Thornton UK LLP, provide assurances of the Group's procedures and controls to mitigate operating risk.</p> <p>Record has an outsourced Internal Audit function that reports independently to the Audit and Risk Committee.</p> <p>The Group's investment processes for all products except the Euro Stress fund are at the day to day level systematic and non-discretionary in nature. ROMP prompts trades that are executed by a dedicated trading team without discretion. ROMP therefore controls the trading to ensure that portfolios are within the structure dictated by the investment process. A dedicated portfolio management team oversee the investment process and provide post-trade compliance assurances.</p> <p>Each department has established procedures manuals that are available to all members of staff. The adherence to these procedures is checked through the compliance monitoring programme, AAF and SAS 70 reviews and the internal audit programme.</p> <p>Each department has established procedures manuals that are available to all members of staff. The adherence to these procedures is checked through the compliance monitoring programme, AAF and SAS 70 reviews and the internal audit programme.</p> <p>The Group trades on behalf of clients in currency and other products with a large panel of banking counterparties. Currency is a particularly liquid market that has continued to provide sufficient daily liquidity.</p> <p>There is an established Risk Management Committee that meets on a monthly basis. The Risk Management Committee oversees the credit policy regarding counterparty exposure.</p>
<p>Treasury risks</p> <p>The risks that management does not appropriately mitigate balance sheet risks or exposures potentially resulting in an adverse impact on the financial performance or position of the Group.</p> <p>Delegated to: Chief Financial Officer</p>	<p>These include:</p> <p>More than 50% of Group revenues are denominated in a currency other than Sterling, the Group's functional and reporting currency, yet the Group's cost base is almost 100% Sterling based.</p> <p>The Group invests a limited amount of its resources in its own funds (seed capital), exposing it to price risk, credit risk, and foreign exchange risk.</p> <p>Liquidity management – the Group is exposed to credit risk and interest rate risk in respect of its cash balances.</p>	<p>These include:</p> <p>The Group hedges its non-Sterling income on a monthly basis from the date that income is accrued until the anticipated date of receipt by using forward fixed rate currency sales contracts.</p> <p>Monthly reporting of all balance sheet exposures to the Executive Committee and Board.</p> <p>The Group has adopted a credit risk policy to manage its credit risks, under which it keeps its cash on deposit with at least two A1/A+ or better rated banks at any one time.</p> <p>Monthly reporting of all balance sheet exposures to the Executive Committee and Board.</p>

Revenue
3 year history (£m)



Management fees
3 year history (£m)



Financial review

Total revenue decreased by 16% to £28.2m, principally due to the reduction in management fees. This is greater than the reduction in average AuME during the year of 10% due to the business mix including a higher percentage of Passive Hedging that attracts lower fees. Total expenditure decreased by 8% to £15.7m principally through a reduction in the Group Profit Share cost. Profit before tax decreased by 25% to £12.5m.

Profit and Loss (£m)

Year ended 31 March

	2011	2010
Management fees	28.1	33.2
Performance fees	–	0.2
Other revenue	0.1	–
Total revenue	28.2	33.4
Cost of sales	(0.1)	–
Gross profit	28.1	33.4
Personnel (excluding Group Profit Share Scheme)	(6.1)	(6.1)
Non-personnel cost	(4.3)	(3.8)
Loss on financial instruments held as part of disposal group	–	(0.1)
Total expenditure (excl. Group Profit Share Scheme)	(10.4)	(10.0)
Group Profit Share Scheme	(5.3)	(7.0)
Operating profit	12.4	16.4
%	44%	49%
Net interest received	0.1	0.2
Profit before tax	12.5	16.6
Tax	(3.6)	(4.7)
Profit after tax	8.9	11.9

Fees

In the year ended 31 March 2011, the fall in the number of clients, the associated decline in average AuME and the absence of performance fees led to total fee income decreasing to £28.1m.

Management fees by product (bps)

	2011	2010
Currency for Return – pooled	28.3	24.4
Currency for Return – segregated	23.4	26.6
Currency for Return – combined average	26.1	25.4
Dynamic Hedging	23.9	23.7
Passive Hedging	2.9	2.6
Weighted average	14.0	15.2

Record charges fees to its clients based upon the AuME of the product provided. Record typically offers all Currency for Return clients the choice of paying an asset-based management fee only or the alternative of management fee plus performance fee. Higher performance fee rates usually accompany lower management fee rates and vice versa. The fee combinations are structured so that Record is indifferent between them in the medium term. Performance fees are subject to a 'high water mark' clause that states that cumulative performance, typically since inception of the mandate, must be above the previous high point on which performance fees were charged before performance fees are charged again. Record charges similar fees for both segregated and pooled Currency for Return mandates.

Both Passive and Dynamic Hedging typically have fixed fee arrangements. Both management fees and performance fees are normally invoiced on a quarterly basis, although Record invoices management fees for some of its larger clients on a monthly basis.

As announced on 17 March 2011, we have renegotiated the fees on our largest Dynamic Hedging mandate to a tiered management fee, resulting in a net fee reduction from this client of £2.9 million on an annualised basis. This will reduce the average fee rate on Dynamic Hedging from 1 April 2011.



Total fee analysis (£m)

	2011	2010
Management	28.1	33.2
Performance	–	0.2
Other	0.1	–
Total	28.2	33.4

Management fees

Management fee income during the year was £28.1m (2010: £33.2m). The table below shows growth in both Hedging products, with management fee income attributable to Dynamic Hedging of £17.5m, up 22% in the period and Passive Hedging up 23% to £2.7m. The management fee income attributable to the Currency for Return product is down 52% to £7.9m.

Management fees by product (£m)

	2011	2010
Currency for Return – segregated	4.8	8.0
Currency for Return – pooled	3.1	8.6
Sub-Total Currency for Return	7.9	16.6
Dynamic Hedging	17.5	14.4
Passive Hedging	2.7	2.2
Total	28.1	33.2

Performance fees

There were no performance fees earned in the year compared with £0.2m in the previous year. Performance fee structures apply primarily to Currency for Return mandates. Clients may choose between management fee only structures or lower management fees with a performance fee. The balance is towards fee structures with a performance fee element for pooled funds.

Other income

Other income includes gains made on the Emerging Market product trial, losses on hedging revenues denominated in currencies other than Sterling, and foreign exchange gains, in addition to revenues from activities other than currency management.

Group Profit Share Scheme

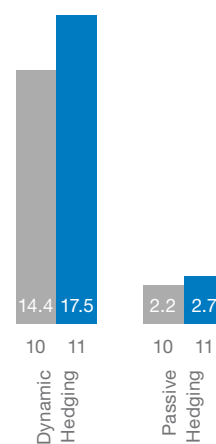
The Group operates a Group Profit Share Scheme such that a long term average of 30% of operating profit before Group Profit Share (GPS) is made available to be awarded to employees. The Remuneration Committee has recommended that for the year ended 31 March 2011, the Group Profit Share Scheme is 30% of pre-GPS operating profit. For the year ended 31 March 2011, this represents £5.3m, a reduction of £1.7m from the previous financial year. This represents a year on year decrease of 24% compared with a 16% year on year decrease in total fee income.

Directors and senior management, who do not already own at least 2% of the issued shares in Record plc, are required to take a proportion of this remuneration in the form of shares subject to lock-up arrangements.

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

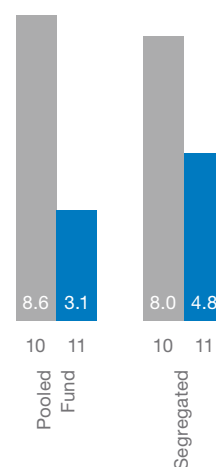
Management Fees – Hedging

Year to 31 March (£m)



Management Fees – Currency for Return

Year to 31 March (£m)





“Finding the best solution for implementing and managing a client’s portfolio in order to achieve its investment objectives is both interesting and rewarding.”

Dharmisha Pankhania
Portfolio Management

Operating margin

The operating profit for the year ended 31 March 2011 of £12.4m was £4.0m lower than the operating profit for the previous financial year (2010: £16.4m). The Group achieved an operating profit margin of 44% for the year ended 31 March 2011 (49% in 2010).

During the year ended 31 March 2011, total operating expenditure of the Group decreased by £1.3m to £15.7m. This results principally from a £1.7m reduction in the Group Profit Share Scheme, offset by a £0.5m increase in non-personnel costs. Group Profit Share (GPS) decreased in line with the reduction in Operating profit (pre-GPS). Non-personnel costs increased due to a combination of consultants, travel and professional service costs. There was no movement in personnel costs (excluding Group Profit Share Scheme) year on year.

Cash flow

The Group’s ability to generate cash has remained strong, with a year end cash position of £24.7m. The year on year increase is principally due to the accelerated payment of both Group Profit Share and dividend payments in the prior year. Cash generated from operations before tax was £12.3m, with £4.1m paid in taxation and £5.7m in dividends. At 31 March 2011 the closing cash and cash equivalents was £24.7m compared with £21.9m at 31 March 2010.

Dividends

Shareholders received an interim dividend of 2.00p per share paid on 21 December 2010. The Board recommends paying a final dividend of 2.59p per share, equivalent to £5.7m. This would take the overall dividend to 4.59p per share, being an unchanged dividend on the prior year. This represents a 114% payment of profits after tax for the year ended 31 March 2011.

Subject to shareholder approval, the dividend will be paid on 3 August 2011 to shareholders on the register on 24 June 2011, the ex-dividend date being 22 June 2011. The dividend cover in the year was 0.9 (2010: 1.2).

Capital management

The Board’s policy is to retain capital (being equivalent to shareholders’ funds) within the business sufficient to meet continuing obligations, sustain future growth and to provide a buffer against adverse market conditions. To this end the Group has developed a financial model to assist it in forecasting future capital requirements over a four year time horizon under various scenarios. Shareholders’ funds were £29.1m at 31 March 2011 (2010: £25.7m). The Group has no debt.

Regulatory environment and regulatory capital

Record Currency Management Limited (RCML) is authorised and regulated in the UK by the Financial Services Authority. RCML is registered as an Investment Adviser with the Securities and Exchange Commission in the United States. RCML is an Exempt International Adviser with the Ontario Securities Commission in the State of Ontario, Canada. RCML is approved by the Irish Financial Services Regulator to act as promoter and investment manager to Irish authorised collective investment schemes.

The Group has one UK regulated entity, RCML, on behalf of which half-yearly capital adequacy returns are filed. RCML held surplus capital resources relative to its requirements at all times during the period under review. The Group is also subject to consolidated regulatory capital requirements, whereby the Board is required to assess the degree of risk across the business, and hold sufficient capital within the Group against it.

In April 2011, the Group established a Jersey-based management company, Record Currency Management (Jersey) Limited that was authorised in April 2011 to manage Expert Funds by the Jersey Financial Services Commission.

The Group has an active risk-based approach to monitoring and managing risks used for reviewing and amending its Internal Capital Adequacy Assessment Process (ICAAP).

The Board is satisfied that the Group is adequately capitalised to continue its operations effectively given the considerable balance sheet resources maintained by the Group. At 31 March 2011, Record had Tier 1 capital of £28.1m. Further information regarding the Group's capital adequacy status can be found in the Group's Pillar 3 disclosure, which is available on our website at www.recordcm.com.

Outlook – The new financial year

The short-term plan is to focus on growth from execution only, Passive Hedging and Dynamic Hedging. There could be further attrition in the Currency for Return product following the sustained period of negative performance. Encouragingly, Record has recently been selected for a £0.5bn UK Dynamic Hedging mandate and contract discussions are underway.

Sales activity is focussed on pursuing those prospects that present an immediate opportunity for one of Record's products. The aim is to strengthen the sales team in the current financial year by the addition of a US-based sales executive.

The three new products, the FTSE FRB10 Index Fund, the Emerging Market Currency Fund and the Euro Stress Fund are all being actively marketed to clients and investment consultants. Whilst it is anticipated that new clients will be attracted to these products in the current financial year, evidence to date suggests that this will result in a gradual increase in AuME and hence a corresponding period of relatively modest management fee income from these new funds.

The project to implement the new middle and back office system is progressing towards implementation in the current financial year.

The fiscal environment will probably lead to increased interest rates in a number of developed countries in the next twelve months. A gradual return to more normal monetary conditions should be favourable to our investment strategy and the Forward Rate Bias. If this occurs, we anticipate the resumption of positive returns from the active forward rate bias investment strategy. A sustained period of positive investment performance is likely to be a precursor for investors to consider an investment in this product.

Cautionary statement

This annual report contains certain forward-looking statements with respect to the financial condition, results, operations and business of Record. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied in this annual report. Nothing in this annual report should be construed as a profit forecast.

Corporate Social Responsibility

The Board recognises that, through its actions, it has a direct impact upon its employees, the community and the environment.

In conducting its business operations, the Group has a responsibility to its stakeholders and the environment. Its stakeholders, with whom we maintain an ongoing dialogue, include shareholders, clients, employees, regulators, and the local community.

Our approach to corporate social responsibility is built around three key areas:

- Workplace
- Environment
- Community

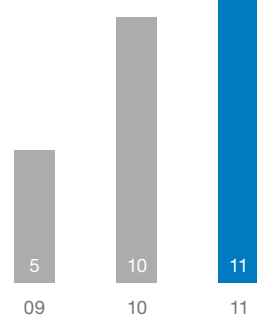
The Group monitors the following KPIs to assess its progress within each of these three areas:

Workplace

Our staff turnover.

We are focussed on recruiting and retaining high-calibre staff from a variety of backgrounds throughout the company.

Staff turnover (%)
Year ended 31 March

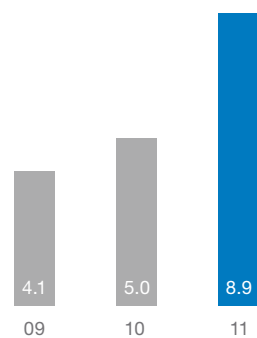


Environment

Our CO₂ output at our office in Windsor.

We are committed to carbon neutrality and as such offset our CO₂ emissions. Growth in our emissions has been driven largely by the growth in international sales effort.

CO₂ emissions per head (Tonnes)

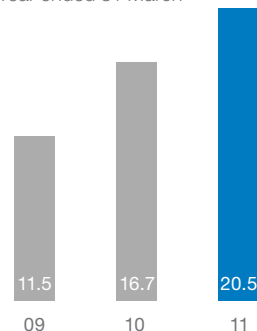


Community

The Group's financial contributions to charitable causes during the year.

Our charitable giving is focussed on employee choice, with the Group matching employee donations and sponsorship. We also provide financial assistance to students studying at Balliol College, Oxford through a half-bursary scheme.

Charitable donations (£'000)
Year ended 31 March



Workplace

The Group policy is to provide a working environment in which people feel confident that they will be treated with respect and dignity. A key objective is to ensure equal opportunities, fairness of treatment, work-life balance and the elimination of all forms of discrimination in the workplace. The Board's aim is to ensure that recruitment practices are effective, efficient, and fair, and that the Group's recruitment process is carried out objectively, systematically and in line with the requirements of employment law. This policy applies to all stages of the recruitment and selection process, as well as throughout individuals' employment.

The Group is committed to providing and maintaining a safe and healthy working environment for all employees and others. New employees receive health and safety information on their induction, and the Group's health and safety policies are available to all employees on the Group intranet.

Environment

The Group first assessed its carbon footprint in July 2006. This has enabled the Group to offset its carbon emissions through investment in renewable energy projects in Brazil.

Community

During the course of the year, the Group made charitable donations totalling £20,526, primarily via our half-bursary scheme with Balliol College, Oxford as well as through our commitment to match employee donations and sponsorship. We also sponsored those employees that participated in the annual JP Morgan Chase Corporate Challenge which raised money for Help a London Child. We are members of Business in the Community and last year sent a team of volunteers to design and build a garden at a local school.

In addition to the half-bursary scheme, the Group also runs a full bursary scheme with Balliol College, Oxford, which provides a grant to the winner of the award. During the year three individuals at the college received this financial support.

The Group also formed a Charity Committee in the year which is responsible for selecting and organising charitable activities. This committee is staff-run and will continue to seek opportunities that enable the Group and its employees to contribute to the community.

Board of Directors

	1	2
3	4	5
6	7	8

- 1 Neil Record
- 2 James Wood-Collins
- 3 Cees Schrauwers
- 4 Andrew Sykes
- 5 Leslie Hill
- 6 Bob Noyen
- 7 Paul Sheriff
- 8 David Morrison



Neil Record (57)

Chairman

Neil Record founded Record in 1983 and has been its principal shareholder and Executive Chairman since then. Prior to founding Record he was an economist at the Bank of England and worked in the commodity and currency trading department at Mars Inc's UK subsidiary. He is the author of numerous books and articles on currency and other risk management topics and is a frequent speaker at industry conferences and seminars worldwide.

[Nom](#)

James Wood-Collins (39)

Chief Executive Officer

James Wood-Collins joined Record in 2008 as a senior member of the Client Team. He was appointed as Chief Executive Officer in October 2010. He was previously at J.P. Morgan Cazenove where he had been a Managing Director advising financial institutions on M&A, IPOs and related corporate finance transactions.

Cees Schrauwers (63)

Senior Independent Director

Cees Schrauwers became a Non-executive Director of the Company in 2007. Cees has more than 30 years' financial services experience, most recently as Director of Aviva International and Managing Director of CGU Insurance. Prior to this he was Partner with Coopers & Lybrand. Cees was until recently the Senior Independent Director of Brit Insurance Holdings plc and is currently Chairman of Drive Assist Holdings Limited and a Commissioner of the Guernsey Financial Services Commission.

[Aud \(Chair\) Nom Rem](#)

Andrew Sykes (53)

Non-executive Director

Andrew Sykes became a Non-executive Director of the Company in 2007. He was a Director of Schroders plc from 1998 to 2004, having joined Schroders in 1978. He was responsible for Schroders' fixed income businesses (including Treasury and Foreign Exchange) until 2000, and subsequently for private banking and alternative investments, including hedge funds, property, private equity and structured products. He is a Non-executive Director of Smith & Williamson Holdings Limited, Gulf International Bank (UK) Limited and SVG Capital plc, Chairman of Invista Foundation Property Trust Limited and Absolute Return Trust Limited, and chairs the investment committee of the Schroders Retirement Benefits Scheme.

[Aud Nom Rem \(Chair\)](#)

David Morrison (52)

Non-executive Director

David Morrison was appointed as Non-executive Director in October 2009. David is founder and Chief Executive of Prospect Investment Management, a venture capital advisory firm established in 1999, which acts on behalf of a small group of investors. He has spent most of his working career in the venture capital world, having started with 3i plc, which was followed by 13 years with Abingworth Management Limited. He has previously been a director of Blueheath Holdings plc, Deutsche Equity Income Trust plc, GW Pharmaceuticals plc and Venture Production plc and is currently on the Board of PayPoint plc and several private companies with which Prospect is associated.

[Aud Nom \(Chair\) Rem](#)

Leslie Hill (55)

Head of Client Team

Leslie Hill joined Record in 1992 and was appointed Head of Sales and Marketing in 1999. Her prior experience includes working at Lloyds Bank and Merrill Lynch where she was Director and Head of Corporate Foreign Exchange Sales worldwide.

Bob Noyen (48)

Chief Investment Officer

Bob Noyen joined Record in 1999 with responsibility for Investment and Research. He previously worked as Assistant Treasurer for Minorco (part of Anglo American plc).

Paul Sheriff (41)

Chief Financial Officer and Chief Operating Officer

Paul Sheriff joined the board on 1 December 2008 as Chief Financial Officer. He was previously Group Finance Director for Arbutnot Banking Group plc and prior to this he was Commercial Finance Director of the Prudential's UK and European business. He has also spent five years in private equity and qualified as a Chartered Accountant with Arthur Andersen.

Key to membership of Board Committees

[Aud](#) Audit and Risk Committee
[Rem](#) Remuneration Committee
[Nom](#) Nomination Committee
[\(Chair\)](#) Committee Chairman

The Directors present their Annual Report and Accounts for the year ended 31 March 2011. The Company was admitted to the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange on 3 December 2007.

Principal activity and business review

The principal activity of the Group is the provision of currency management services for institutional clients.

A review of Record's business during the financial year ended 31 March 2011, likely future developments and the information which fulfils the business review requirements is contained in the following sections of the Annual Report, which are incorporated into the Directors' report by reference:

- Chairman's Statement on pages 04 to 05;
- Chief Executive Officer's Statement on pages 06 to 09;
- Business Review on pages 10 to 27;
- Corporate Social Responsibility Report on pages 28 to 29; and
- Corporate Governance Report on pages 35 to 37.

The Business Review contains information on the main trends and factors likely to affect the future development of the Group. The Directors have considered whether there are any contracts which are essential to the business and have concluded that there are none.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 46.

The Directors recommend a final dividend of 2.59p per ordinary share for the year ended 31 March 2011. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 3 August 2011 to shareholders on the register at the close of business on 24 June 2011. The shares will be quoted ex-dividend from 22 June 2011.

The Company paid an interim dividend of 2p per share on 21 December 2010 to shareholders on the register on 26 November 2010.

Share capital

The Company has a single class of share capital consisting of ordinary shares of 0.025p each. Each ordinary share is equally eligible to receive dividends and the repayment of capital and represents one vote at a shareholders' meeting. Details of structure and changes in share capital are set out in note 20 to the financial statements.

At its Annual General Meeting in 2010, the Company obtained, subject to certain conditions, shareholder approval to purchase ordinary shares representing not more than ten per cent of its issued capital. This authority will expire on the date of this year's Annual General Meeting.

The Company has not exercised the right to purchase ordinary shares in its capital (including treasury shares) during the year.

Substantial shareholdings

The table below sets out the names of those persons who, insofar as the Company is aware, are interested directly or indirectly in 3% or more of the issued share capital of the Company as at 31 March 2011:

	Number of ordinary 0.025p shares held	Percentage interest
Neil Record	71,171,043	32.15%
Leslie Hill	14,828,039	6.70%
Schroder Investment Management Ltd	14,631,667	6.61%
Aberforth Partners	12,312,112	5.56%
Bob Noyen	8,418,561	3.80%
Mike Timmins	7,005,155	3.16%

Information provided to the Company pursuant to Rule 5 of the Disclosure and Transparency Rules (DTR) is published via RNS, a regulatory information service, and also on the Company's website.

During the period from 14 June 2010 to 13 June 2011 the Company received one notification of voting interests in its ordinary share capital in accordance with DTR 5 from Deutsche Bank/Abbey Life Assurance Company Limited (below 3%).

Directors

The Directors of the Company who held office during the year and to date were:

Neil Record (Chairman)
Cees Schrauwers*
Andrew Sykes*
David Morrison*
Leslie Hill
Bob Noyen
Paul Sheriff
James Wood-Collins (appointed 1 October 2010)

* Non-executive Director

Restrictions on transfers of shares

Each of the Executive Directors and all other employee shareholders (including the shareholding spouses of certain employee shareholders) who held ordinary shares at the time of Admission are, subject to certain exceptions, restricted by lock-up arrangements from selling, or otherwise disposing of their shareholding in the period immediately following Admission. The restriction was lifted in respect of one third of the person's holding on 28 November 2009, being the second anniversary of admission, the restriction on a further third was lifted on 28 November 2010, and the restriction on the final third will be lifted on 28 November 2011.

In March 2008 there were a series of transfers of ordinary shares by persons subject to lock-up arrangements pursuant to exemptions contained in the Underwriting Agreement. In each case, the transferee has entered into a lock-up deed dated 26 March 2008, the terms of which are substantially the same as the lock-up arrangements contained within the Underwriting Agreement.

The Record plc Group Bonus Scheme was amended with the approval of a general meeting of the Company's members on 30 July 2009 and became the Record plc Group Profit Share Scheme. Under the terms of the scheme rules, certain employees and Directors of the company are required to receive a proportion of any award in shares, and may elect to receive a further proportion of their profit share in the form of a share award and receive a final proportion in cash. All ordinary shares which are the subject of share awards are transferred immediately to a nominee. None of these shares are subject to any vesting or forfeiture provisions but are subject to lock-up arrangements and the individual is entitled to full rights in respect of the shares purchased. No such shares can be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee unless specified anniversary dates have been reached. Further details are disclosed in note 21 of the financial statements.

Dealings in the Company's ordinary shares by persons discharging managerial responsibilities, employees of the Company and, in each case, their connected persons, are subject to the Group's dealing code which adopts the Model Code of the Listing Rules contained in the Financial Services Authority's Handbook.

Certain restrictions, customary for a listed company, apply to transfers of ordinary shares in the Company.

Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk (managed using financial instruments) and interest rate risk. The Group seeks to minimise potential adverse effects on the Group's financial performance. Further information is contained in note 24 to the accounts.

Annual General Meeting

The 2011 Annual General Meeting of the Company will be held at 10.00 a.m. on 28 July 2011 at the Company's registered office, Morgan House, Madeira Walk, Windsor SL4 1EP. Details of the ordinary and special resolutions to be proposed at the Annual General Meeting are given in a Chairman's letter to shareholders and attached Notice of Annual General Meeting.

Auditors

Grant Thornton UK LLP have indicated their willingness to continue as auditor, and resolutions will be proposed at the Annual General Meeting to re-appoint them as auditor of the Company and to authorise the Directors to determine their remuneration for the current year.

Related party transactions

Details of related party transactions are set out in note 28 to the financial statements.

Post-reporting date events

As set out in note 31 to the financial statements, there were no post-reporting date events.

Going concern

After making enquiries (including reviewing the Group's financial position, regular cash flow forecasting, and stress testing performed as part of the Internal Capital Adequacy Assessment Process) the Directors are satisfied that the Company and the Group have adequate resources to continue to operate for the foreseeable future and confirm that the Company and the Group are going concerns. For this reason they continue to adopt the going concern basis in preparing these financial statements.

Charitable and political donations

The Group made donations of £20,526 to charitable causes during the year ended 31 March 2011 (2010: £16,711). The Group makes charitable donations to match the individual fundraising efforts of its employees. It is the Group's policy not to make political donations.

Credit payment policy

The Group's policy is to pay suppliers within 30 days of receipt of invoice. As at 31 March 2011, the amount owed to suppliers was equivalent to 22 days average purchases from suppliers (2010: 13 days).

Directors' indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses, liabilities or expenses incurred by them in relation to the Company or any of its subsidiaries.

Approved by the Board and signed on its behalf by:



J Manning
Company Secretary

13 June 2011

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board by:



Neil Record
Chairman

13 June 2011



Paul Sheriff
Chief Financial Officer
and Chief Operating Officer

13 June 2011

Section 1 of the June 2008 FRC Combined Code on Corporate Governance (the "Code"), applies to listed companies with reporting years beginning on or after 29 June 2008 (the Code is available for inspection at www.frc.org.uk). The Company has adopted the principles of the Code since Admission. The Company has been in compliance with the Code since that date, except where the Directors consider in particular limited circumstances that departure is justified. Such departures are fully explained below.

In May 2010 the FRC published a new edition of the Code, The UK Corporate Governance Code, ("CGC 10") which will apply to financial years beginning on or after 29 June 2010, the provisions of which will accordingly not apply until the Company's next financial year. The Board does not envisage any significant conflicts between the recommendations of the UK Corporate Governance Code and the Group's current corporate governance practices. (The CGC 10 is available for inspection at www.frc.org.uk).

This report describes the Company's corporate governance arrangements, explaining how it has applied the principles of the Code.

The Board of Directors

As at 31 March 2011, the Board of Directors comprised five Executive Directors and three Non-executive Directors. The Board is headed by Neil Record (Chairman), with three Non-executive Directors, Cees Schrauwers, being the Senior Independent Director, Andrew Sykes and David Morrison, and the other Executive Directors, Paul Sheriff (Chief Financial Officer and Chief Operating Officer), Bob Noyen (Chief Investment Officer), Leslie Hill (Head of Client Team) and James Wood-Collins (Chief Executive Officer).

Following Neil Record's decision in March 2010 to relinquish the role of Chief Executive Officer, the Nomination Committee conducted a process to identify a suitable replacement. The Board accepted the Nomination Committee's recommendation to select James Wood-Collins and he was appointed as Chief Executive Officer effective 1 October 2010. The Nomination Committee also recommended that Neil Record remain as Chairman and this was approved by the Board in September 2010.

In considering the independence of Non-executive Directors, the Board has taken into consideration the guidance provided by the Code. The Board considers Cees Schrauwers, Andrew Sykes and David Morrison to be independent.

The Board has a schedule of matters specifically reserved to it for decision and approval, which include, but are not limited to:

- determining the Group's long-term strategy and objectives;
- significant capital expenditure;
- development of new products, and new geographic areas of distribution;
- the Group's annual and interim reports and preliminary announcements;
- setting interim dividend and recommendation of final dividend;
- effectiveness of internal controls;
- authorisation of Directors' conflicts or possible conflicts of interest; and
- communications with shareholders and the stock market.

All Directors have access to independent professional advice, when required, at the Company's expense as well as to the advice and services of the Company Secretary. New Directors appointed to the Board will receive advice as to the legal and other duties and obligations arising from the role of a Director of a UK listed company through a full, formal and tailored induction programme. The Company Secretary, under the direction of the Chairman, is responsible for maintaining an adequate continuing education programme, reminding the Directors of their duties and obligations on a regular basis, ensuring good information flow between the Board, its committees and management and assisting with Directors' continuing professional development needs.

Under the Articles, the minimum number of Directors shall be two and the maximum shall be 12. A Director appointed by the Board must offer himself for election at the next Annual General Meeting of the Company following his appointment but he is not taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting. In line with the requirements of the 2008 Code, a minimum of one third of the Directors must retire by rotation at every Annual General Meeting of the Company. The Directors to retire must be those who have held office the longest since appointment or re-election if more recent.

Under UK company law, a Director must seek authorisation before taking up any position with another company that conflicts, or may possibly conflict, with the Company's interests.

The Articles of Association contain provisions to allow the Directors to authorise situations of potential conflicts of interest so that a Director is not in breach of his/her duty under company law. All existing external appointments for each Director were considered and authorised by the Board in September 2010. The Board is responsible for conducting an annual review of the Conflicts Register and confirming that, where relevant, conflicts have been dealt with appropriately, and that the process for dealing with them is operating efficiently.

The Board supports the highest standards of corporate governance, however the Company has not fully complied with the corporate governance requirements of the Code through the period because the Board is not comprised of a majority of Non-executive Directors; however, it does comply with the Code's provision for smaller companies to have at least two Non-executive Directors. The Board considers that the existing composition is appropriate but is considering further non-executive appointments to assist the development and growth of the Company.

The Company has the appropriate Directors' and Officers' insurance in place.

Board committees

The Board has established the following committees to enable it to execute its duties appropriately:

- Audit and Risk Committee
- Nomination Committee
- Remuneration Committee

The Committees operate on written terms of reference, which are reviewed annually and which are available on the Company's website or on request from the Company Secretary at the registered office address. The Chairman of each Committee reports regularly to the Board.

Audit and Risk Committee

The Audit and Risk Committee Report set out on pages 38 to 39 gives details of the Committee's activities, and a statement of the Committee's policies and procedures.

Remuneration Committee

The Remuneration Report set out on pages 40 to 44 gives details of the Committee's activities, and a statement of the Committee's policies and procedures.

Nomination Committee

The Nomination Committee is chaired by David Morrison. David is supported on the Committee by the two other Non-executive Directors and Neil Record.

The Committee is responsible for reviewing the structure, size and composition of the Board, and for giving full consideration to succession planning for Directors and other senior executives.

The Committee is also responsible for identifying and nominating for the Board's approval candidates to fill Board vacancies as and when they arise.

During the year the activities of the Committee have included reviewing potential Chief Executive Officer candidates for appointment to the Board and proposing a candidate for approval by the Board, reviewing Neil Record's role as Chairman, proposals for the rotation and re-election of Directors at the Annual General Meeting, and reviewing its terms of reference. The Committee met on four occasions during the year ended 31 March 2011.

Attendance

The Board met six times between 1 April 2010 and 31 March 2011 to review financial performance and to follow the schedule of matters reserved for its decision and approval. Comprehensive Board papers, comprising an agenda and formal reports and briefing papers are sent to Directors in advance of each meeting. Throughout their period in office Directors are regularly informed by senior executives and external advisors on the Group's affairs, including commercial, regulatory, legal, corporate governance and other relevant matters.

Appropriate and timely notice is given of all Board meetings and all Directors receive information in advance so that if they are not able to attend their input can be tabled and taken into consideration. The Board has regular bi-monthly meetings and special meetings as required to address specific issues.

Meetings in the year

	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Total	6	6	8	4
N Record	6/6	N/a	N/a	4/4
C Schrauwerts ¹	5/6	6/6	7/8	4/4
A Sykes	6/6	6/6	8/8	4/4
D Morrison ²	5/6	6/6	7/8	4/4
L Hill	6/6	N/a	N/a	N/a
B Noyen	6/6	N/a	N/a	N/a
P Sheriff	6/6	N/a	N/a	N/a
J Wood-Collins ³	3/3	N/a	N/a	N/a

- 1 Cees Schrauwerts was unable to attend the Board Meeting and Remuneration Committee Meeting held in March 2011 due to personal commitments.
- 2 David Morrison was unable to attend the Board Meeting held in June 2010 and Remuneration Committee Meeting as he had prior business commitments.
- 3 From 1 October 2010.

Performance evaluation

The Board is required by the Code to undertake an annual evaluation of its performance. The Board has now carried out its third assessment of its own performance and that of the principal committees to identify where improvements can be made. The Board agreed that an external evaluation of performance was not necessary at the current time and that the process used in 2010 remained appropriate. The evaluation was carried out by the Chairman who held discussion sessions with each of the Record plc Directors during which the Directors were asked to comment on the performance of the Board over the previous twelve months. The Company Secretary was present at these meetings to record the comments made. The Chairman gave his own comments during a discussion with the Senior Independent Director. The discussions covered topics which the Directors consider to be key to successful Board operation.

The evaluation of the discussions and comments made during the process identified no serious concerns over the functioning of the Board or its committees.

During the year, the Non-executive Directors met together without the Chairman present, under the chairmanship of the Senior Independent Director, to appraise (taking into account the Executive Directors' views) the performance of the Chairman. The outcome of the appraisal was positive and the role was considered to be undertaken successfully by Neil Record.

The work undertaken by the Audit and Risk Committee was reviewed by the Senior Independent Director Cees Schrauwers and Andrew Sykes and David Morrison to assess its effectiveness during the year, the results of which were reported to the Board by the Committee Chairman. The review concluded that the Committee was operating in an effective manner. Reviews of the Remuneration and Nomination Committees were conducted in a similar manner and no concerns were raised.

Internal control and risk management

The Board has overall responsibility for the Group's systems of internal control and the management of significant risks. The Board reviews annually and sets appropriate policies on internal control and has, since Admission, delegated the authority to specific committees and senior personnel to implement and apply those policies

- The Audit and Risk Committee is a Board Committee that provides oversight and independent challenge in relation to internal control and risk management systems.
- The Executive Committee – the Board has delegated to this Committee responsibility for the day to day operation of the business within defined delegated authorities.
- The Investment Committee – the Board has delegated to this Committee responsibility for authorising changes to existing investment processes and for approving new investment strategies. The members of the Committee are Directors and senior managers.

The Board seeks on-going assurance from the Committees and senior management about the effectiveness of the internal controls, which include operational and compliance controls, risk management and the Group's high-level internal control arrangements. Such a system of internal controls is designed to manage, rather than eliminate, risk of failure to meet business objectives and can only provide reasonable and not absolute assurance against material misstatements or loss.

Further information on the Group's risk management systems is provided on pages 21 to 23 of the Business Review.

The Audit and Risk Committee has undertaken a review of the effectiveness of internal controls for the year ended 31 March 2011 and is satisfied that the internal control environment is appropriate (see 'Internal Audit' page 39).

Investor relations

During the year the Chairman and Directors met and made presentations to institutional investors, analysts and potential shareholders. The Senior Independent Director is also available to meet institutional investors if requested.

The 2011 AGM will be the fourth AGM since Admission. The Board and the chairmen of each of the Board Committees will be available to answer questions put to them by shareholders of the Company.

Audit and Risk Committee Report

This Audit and Risk Committee Report sets out the role of the Audit and Risk Committee (formerly known as the Audit Committee), its membership and the subjects considered during the year.

Composition of the Committee

The Committee currently comprises three Non-executive Directors as detailed below.

- Cees Schrauwers (Chairman since the Committee's inception on 3 December 2007)
- Andrew Sykes (appointed 3 December 2007)
- David Morrison (appointed 14 January 2010)

The Board is satisfied that the members of the Committee have appropriate commercial and financial knowledge and experience to satisfy the provisions of the Code.

The Committee met six times during the year – four quarterly meetings plus two additional meetings ahead of results announcements. All meetings were attended by the joint Chief Financial Officer and Chief Operating Officer, the Financial Controller and the Director of Compliance. The internal audit partner attended all six meetings and the external audit partner attended four meetings.

The composition of the Audit and Risk Committee has exceeded the Code provision for smaller companies requiring at least two independent Non-executive Directors throughout the year.

Role of the Committee

The Committee is responsible for:

- monitoring the integrity of the Group and Company's financial statements and any other formal announcements relating to the Company's performance;
- reviewing the Group's internal control and risk management procedures;
- reviewing the terms of reference for the Risk Management Committee;
- monitoring and reviewing the Group's internal audit function;
- making recommendations relating to the appointment and reappointment of the external auditor;
- approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the independence and objectivity of the external auditor, and reviewing the effectiveness of the audit process;
- overseeing arrangements by which staff may raise concerns about possible improprieties in matters of financial reporting or other matters; and
- overseeing policy relating to the provision of non-audit services by the external auditor.

The full terms of reference of the Committee comply with the Code and are available on the Company's website or from the Company Secretary at the registered office address. The Committee has direct access to auditors, and receives periodic reports from management and auditors on significant financial reporting issues.

Committee activities

The Committee met on six occasions during the year ending 31 March 2011 and two further meetings have been held since the year end. On one occasion the Committee met with the Group's external auditor with no executive management present, providing an opportunity for the external auditor to raise matters of concern in confidence if so required.

The Committee discharged its responsibilities under the terms of reference by the following actions:

- developing and maintaining a high level 'Risk Map' to ensure that key risks are identified and addressed;
- reviewing the form, content and integrity of financial information prior to release, including the Annual and Interim Reports, and each of the Interim Management Statements;
- reviewing the adequacy and effectiveness of the Group's internal controls and risk management systems;
- receiving regular reports from the Head of Compliance in relation to the Group's compliance with relevant regulation, and risk management developments;
- considering both the revised ICAAP and Pillar 3 disclosures prior to their recommendation for acceptance by the Board;
- receiving and reviewing internal audit reports, discussing their findings and management's responses;
- evaluating the performance of the internal auditor during the engagement period;
- reviewing the independence of the Group's external auditor and the nature of non-audit services supplied by the auditor;
- reviewing the external auditor's audit strategy and concluding report for the 2011 financial statements; and
- making recommendations to the Board for a resolution to be put to the shareholders to approve the reappointment of the external auditor.

The Chairman of the Audit and Risk Committee reported regularly to the Board on the Committee's activities after each meeting, identifying any matters in which the Committee considered that action was required, and made recommendations on the steps to be taken.

Internal controls and risk management

The Committee provides oversight and independent challenge to the internal controls and risk management systems of the Group. In respect of this duty, the Committee (with the assistance of management) has developed and maintained a high level 'Risk Map' which identifies key risk areas that may impact the Group. The Risk Map is used by the Committee to ensure that material risk areas are identified, considered and addressed by the Committee.

The Committee has reviewed and evaluated the system of internal controls and risk management operated within the Group, and is satisfied that the internal control environment is appropriate. The Committee reviews the level of additional assurance required on an annual basis.

Internal audit

The internal audit function undertakes a programme of reviews as determined by the Committee, reporting the results together with its advice and recommendations to the Committee. The internal audit function is currently provided under an outsourcing arrangement by Deloitte LLP – this arrangement is subject to periodic review.

Deloitte LLP were appointed as internal auditor (effective 14 May 2010) reporting directly to the Committee. The Committee and its internal auditor developed a three year audit plan to ensure that the audit work performed focuses on key risks. The three year plan is reviewed on a periodic basis to ensure that the plan is adapted to any changes in the Group's risk profile.

The Committee has received regular reports on its findings and programme of reviews at each of its meetings during the course of the year.

The Committee has reviewed the results of the audit work performed to date and has ensured that the findings and recommendations made by the internal audit function have been followed up in an appropriate and timely way.

Auditor independence

The Audit and Risk Committee has considered the level and nature of non-audit services provided by the external auditor, and is satisfied that the external auditor maintains independence and objectivity. The Audit and Risk Committee operates a policy covering the commissioning of non-audit services provided by the external auditor, to ensure the ongoing independence and objectivity of the external auditor. The policy restricts the nature and value of non-audit services that can be provided by the external auditor in line with current guidance.

Committee evaluation

The Committee conducts an annual review of its performance and effectiveness. In 2010/11 this was an internal review coordinated by the Company Secretary based on discussions with all Board members, the internal audit partner and the external audit partner. The review concluded that the Committee was effective in carrying out its duties.

Cees Schrauwers will be available to answer any questions relating to the Committee and its activities at the AGM.

Approved by the Committee and signed on its behalf by:



Cees Schrauwers

Audit and Risk Committee Chairman

13 June 2011

Remuneration Report

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 under the Companies Acts and the Code. This report sets out the Company's remuneration policy and gives details of the compensation of the Directors for the year ended 31 March 2011.

Remuneration Committee

The Remuneration Committee is chaired by Andrew Sykes who is supported by Cees Schrauwers and David Morrison. The composition of the Remuneration Committee meets the Code provision for smaller companies requiring at least two Non-executive Directors.

The Board considers that Andrew Sykes, Cees Schrauwers and David Morrison are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The Remuneration Committee meets as often as required to discharge its duties and met eight times during the year ended 31 March 2011. The Executive Chairman, the Chief Executive Officer, the joint Chief Operating and Chief Financial Officer and the Human Resources Director attended all or part of the meetings at the invitation of the Committee but no Director takes part in the determination of their own remuneration.

The primary role of the Remuneration Committee is to determine and agree with the Board the policy for the remuneration of the Chief Executive Officer and to agree with the Chief Executive Officer the Committee's proposals relating to the remuneration of the other Executive Directors, and within these terms to determine their individual remuneration packages including pension rights and compensation payments. The Committee is also responsible for recommending and monitoring the structure of remuneration for the senior management and in particular those who have been identified as 'Code Staff' under the FSA Remuneration Code.

The Remuneration Committee is also responsible for agreeing the remuneration policy for the Group, including the Group Profit Share Scheme, share incentive plans and the principles for salary awards and performance related pay.

Whilst no Executive Directors serve on any listed company board except Record, external appointments contribute to an Executive Director's ongoing development and experience. Any appointment of an Executive Director would be considered by the Board. All external appointments are considered in line with the Group's policy on Directors' conflicts of interest.

Executive remuneration policy

The overriding principles of remuneration are to incentivise the Executive Directors and senior management to deliver sustained performance consistent with the Group's strategic goals and appropriate risk management, and to reward success in doing so.

The Group aims to attract, motivate and retain high calibre executives with the abilities, skills and experience to deliver the Company strategy over the long term by rewarding them with competitive salary and benefits packages. Their remuneration will be linked to the achievement of agreed individual objectives, the achievement of the Group's key financial objectives and the creation of long-term shareholder value. The Group's remuneration policy seeks to give a high proportion of the total annual remuneration in the form of variable compensation. The pay model adopted for Executive Directors is similar to that of employees more generally within the Group. All employees receive a fixed salary and participate in the Group-wide Profit Share Scheme, and so employees share in the success of the business with remuneration rising and falling as a result of Group profit performance.

Remuneration of Non-executives Directors is determined by the Chairman and the Executive Directors within the limits of the Company's Articles of Association. Remuneration for the Non-executive Directors reflects the time commitment and responsibility of the role and does not include any component of variable remuneration or share options.

Service contracts

All Executive Directors have service agreements with effect from 15 November 2007, with the exception of James Wood-Collins, who has a new service agreement dated 1 October 2010 to reflect his promotion to Chief Executive Officer, and Paul Sheriff who has a service agreement dated 27 June 2008. None of the service agreements are for a fixed term and all include provisions for termination on six months' notice by either party. Service agreements do not contain any contractual entitlement to receive bonuses, nor to participate in the Group's share-based incentive scheme, nor to receive any fixed provision for termination compensation. Where applicable the broad aim in making termination payments is to avoid rewarding poor performance.

Non-executive Directors are appointed for an initial three-year period. Their continued engagement is subject to the Company's Articles relating to the retirement of Directors by rotation. The terms and conditions of appointment of the Non-executive Directors are available for inspection at the Company's registered office.

Details of service contracts for Directors who are subject to election or re-election at the forthcoming AGM are as follows:

	Contract date	Notice period	Expiry/ review date
Executive Directors			
James Wood-Collins (election)	01/10/2010	6 months	Rolling
Neil Record (re-election)	15/11/2007	6 months	Rolling
Bob Noyen (re-election)	15/11/2007	6 months	Rolling
Paul Sheriff (re-election)	27/06/2008	6 months	Rolling

Risk management

The Group has a prudent approach to risk management, and meets the required standards of a Tier 4 firm under the FSA Remuneration Code. It is the Group's intention to have a remuneration policy which promotes effective risk management and rewards long-term value creation and does not encourage excessive short term risk taking. Code Staff, who are not already significant shareholders, are required to take a significant proportion of variable remuneration in share-based payments that are required to be held for up to three years. Changes to the scheme are being made such that all Code Staff will be required to take a significant proportion of variable remuneration in share-based payments from 1 April 2011.

Salaries

The Group policy is to pay salaries which are competitive with other employers in our industry. A salary benchmarking exercise to establish the market position is carried out on a regular basis and this information contributes to the Group remuneration policy and any subsequent pay reviews.

Variable compensation

It remains the Group's policy to link the value of cash profit share and share awards to the Group's profitability. The Group Profit Share Scheme pool value for the year ending 31 March 2011 is 30% of pre-Profit Share EBIT (to include employers NI), although the Committee has the discretion to vary this amount between 25% and 35% in any individual year, with the intention being to maintain a long-term average of 30% of pre-Profit Share EBIT.

The Group Profit Share Scheme is payable through a combination of profit share payments in cash and share-based payments. The allocation of the profit share pool for Executive Directors is determined by the Remuneration Committee and for all other employees is delegated to management. The Group Profit Share Scheme is discretionary in that all payments made to Code Staff (including, but not restricted to Executive Directors and other Executive Committee members) are subject to Remuneration Committee approval and no payments are made automatically. Payments are awarded after input from the Compliance Officer, who reports any legal or compliance issues that relate to individuals who are in line to receive awards under the scheme. Any issues would also be monitored through compliance and risk reports at Audit and Risk Committee and Board meetings.

To ensure that the interests of management and shareholders are aligned, Directors and senior managers are required to take a proportion (initially a third) of their Profit Share in shares rather than cash, subject to a three year 'lock up'. These shares may be sold in three equal tranches on the first, second and third anniversary of the Profit Share payment date. Additionally, Directors and senior managers are offered the opportunity for up to a third of the Profit Share to be available for a share matching scheme that will also include a 'lock up' for three years. The remaining third will be paid in cash.

During the financial year, those Directors and senior managers who are significant shareholders (being a 2% ownership of the issued shares in Record plc), namely Neil Record (until 30 September 2010), Leslie Hill, Bob Noyen and one other, have been committed to funding the share matching scheme for Directors and senior management from the Profit Share payments they would otherwise have received. In view of their substantial existing shareholdings, the Committee has determined that the significant shareholders' interests are already inextricably aligned with those of other shareholders, and therefore they take their Profit Share payments in cash.

With effect from 1 October 2010, Neil Record relinquished his role as Chief Executive Officer and Chairman to become Executive Chairman, and as a result of this change he was no longer a participant in the Group Profit Share Scheme from this date.

For the new financial year, it is intended that the funding of the share matching scheme will be borne from the Profit Share Scheme pool rather than from the significant shareholders. This change is being made to recognise the contribution of these individuals and their importance in meeting the Group's business development objectives in the short term. Another effect of this change is that the three remaining significant shareholders detailed above will be required to take their Profit Share in the same way as all other Directors and senior managers; i.e. as a combination of shares and cash rather than just as cash, as previously.

As discussed in the Chairman's Statement and Chief Executive's Statement, the Group recognises that increasing funds under management is a key priority. In order to incentivise the appropriate individuals to achieve this objective, the Group is considering introducing some form of commission-based remuneration for potential new hires in this area of the business. For the intended new Consultant Relations and Sales specialist hire, who will be based in the US, it is recognised that this individual will be operating in a different market and that market conditions may also dictate that a commission arrangement is appropriate. Any such payments will be paid from the Group Profit Share Scheme pool and will not be borne by shareholders.

Share Scheme

The Record plc Share Scheme was adopted by the Company on 1 August 2008 and was initially created to allow deferred share awards to be granted to new senior employees. Since inception, share awards with an aggregate value at grant of £400,000 have been issued to two senior employees under the scheme. The shares are available to the employee after the vesting period for nil consideration upon exercise. The shares vest in three equal tranches on the second, third and fourth anniversary of appointment. Awards lapse on cessation of employment, subject to the Remuneration Committee's discretion to permit good leavers to exercise their awards. The rights to acquire shares are issued under nil-cost option agreements.

The Directors are not entitled to participate in the Share Scheme. However, James Wood-Collins received a deferred share award upon joining the Group and prior to his appointment as Chief Executive Officer. Further details for this award are contained under Directors' interests in Record plc share awards below. No other Directors had any interests in the Share Scheme at the beginning, during, nor at the end of the period.

For the new financial year, the Record plc Share Scheme will be used to offer a group of individuals below Board level, who the Executive Committee believe have the skills and potential to contribute significantly to the business in the future, the opportunity to participate in a share option scheme. Options will be granted at a strike price set at the share price prevailing at the time of grant, and will vest after four years. The scheme has the condition that each participant must be employed at the end of this period and a further condition stipulates that a performance hurdle is met based on total shareholder return value in comparison with a relevant peer group. The funding of this scheme will be borne from pre-tax profits and will therefore be in addition to the Record Group Profit Share Scheme. It is anticipated that options over up to 1,800,000 shares will be granted as part of this scheme.

It is intended to amend the Share Scheme to enable it to provide tax-approved awards to employees of Record plc or its subsidiaries. Awards will be in the form of options with an exercise price equal to the market value of a share on the date of grant. Each participant may be granted approved options over shares with a total market value of up to £30,000 on the date of grant.

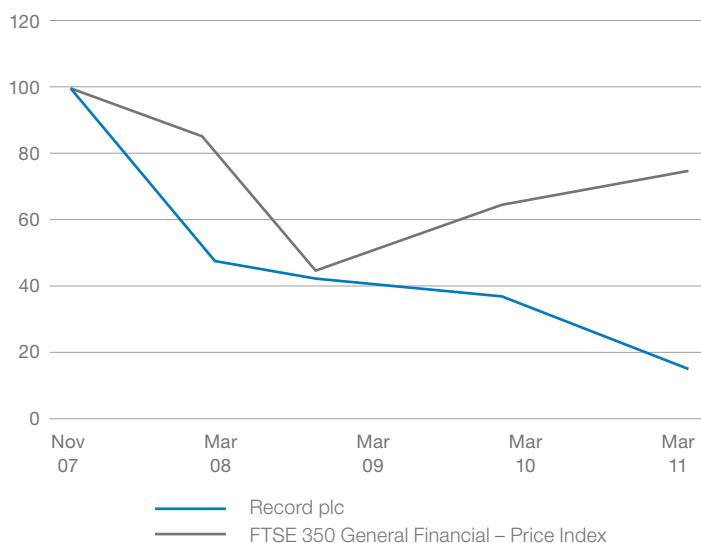
Delivery of share awards

Share awards under the Group Profit Share Scheme are covered wherever possible through market purchases, not through the issue of new shares, and this remains our intention for the future in order to avoid dilution. Awards under the Share Scheme must be satisfied with market purchase shares.

Pension

The Group contributes to a defined contribution Group Pension Plan ('GPP'). The contributions made by the Group depend on the seniority of each employee (the 'Group's Initial Contribution'). No employee contribution is necessary to benefit from the Group's Initial Contribution, but the Group will match contributions up to a maximum of 3% of salary (the 'Group's Additional Contribution'). Any employee over the age of 55 and who has taken early retirement according to tax legislation rules can have their standard contributions paid as additional taxable salary if they would prefer, but forego the Group matching contribution.

Total Shareholder Return performance graph



The above graph shows the Company's Total Shareholder Return compared with the FTSE 350 – General Financial Index, and shows the change in the theoretical value of £100 invested in the Company's shares as at Admission on 3 December 2007 compared to £100 invested in the FTSE 350 – General Financial Index. The FTSE 350 – General Financial Index has been chosen because the index is a widely accepted performance comparison for small quoted financial services UK companies.

The market price of the Company's shares as at 31 March 2011 was £0.23. The highest share price during the financial year was £0.71. The lowest share price during the financial year was £0.23.

Directors' interests in Record plc ordinary shares

	Ordinary shares held at	
	31 March 2011	31 March 2010
Executive Directors		
Neil Record	71,171,043	71,171,043
James Wood-Collins ¹	498,066	290,273
Leslie Hill	14,828,039	14,828,039
Bob Noyen	8,418,561	8,418,561
Paul Sheriff ²	445,109	231,033
Non-executive Directors		
Cees Schrauwers ³	100,000	60,000
Andrew Sykes	25,000	25,000
David Morrison	–	–

- 1 Includes interest in Record plc shares acquired under the Profit Share Scheme and vested under the Share Scheme as detailed in Directors' interests in Record plc share awards
- 2 Includes interest in Record plc shares acquired under the Profit Share Scheme as detailed in Directors' interests in Record plc share awards, and shares held by the Director's spouse
- 3 Includes shares held by the Director's spouse

All interests are beneficial except the interest of Neil Record which includes a non-beneficial interest of 190,332 ordinary shares (2010: 190,332 ordinary shares) held as trustee.

There have been no changes to Director's interests between 31 March 2011 and 13 June 2011.

Directors' interests in Record plc share awards

	Ordinary shares held at	
	31 March 2011	31 March 2010
Record plc Group Profit Share Scheme ¹		
Executive Directors		
James Wood-Collins	369,403	190,273
Paul Sheriff ²	445,109	231,033
Record plc Share Scheme ³		
Executive Director		
James Wood-Collins	113,496	170,245

- 1 The shares are held via a nominee and were acquired on behalf of the Director as beneficial owner under the terms of the scheme rules. Shares cannot be sold, transferred or otherwise disposed of ('Sold') without the consent of the Remuneration Committee except as given in the scheme rules, which place restrictions on the 'Sale' of shares until the first, second and third anniversary from the Profit Share payment date. None of the shares are subject to any vesting or forfeiture provisions and the beneficial owner is entitled to full rights and rewards of ownership subject to those restrictions as noted above. The shares are included in Directors' interest in Record plc ordinary shares.
- 2 As permitted by the scheme rules, these shares are held in the name of the Director's spouse
- 3 The shares are available to the Director after the vesting period for nil consideration upon exercise. A total of 170,245 shares were awarded to the employee upon joining the Group in August 2008. A total of 56,749 shares were exercised in August 2010 when the market share price was £0.46 per share. The remaining balance of 113,496 shares vest in two equal tranches of 56,748 shares in August 2011 and August 2012 respectively. The vesting of shares is subject to continued employment with the Group. The vested shares are included in Directors' interests in Record plc ordinary shares.

Audited information Directors' remuneration

The remuneration of the Directors listed by individual Director is as follows:

	Salaries £	Fees £	Benefits £	Profit Share Share-based payments £	Profit Share Cash-based payments £	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Executive Directors							
Neil Record ¹	287,107 ²	–	826	–	279,766	567,699	892,502
James Wood-Collins ³	143,407 ⁴	–	397	279,795	87,436	511,035	–
Leslie Hill	272,225	–	–	–	510,525	782,750	867,750
Bob Noyen	249,540	–	1,087	–	468,107	718,734	868,471
Peter Wakefield	–	–	–	–	–	–	348,084
Paul Sheriff	246,591 ⁵	–	1,087	287,768	192,359	727,805	632,560
Non-executive Directors							
Cees Schrauwers	–	75,000	–	–	–	75,000	75,000
Andrew Sykes	–	40,000	–	–	–	40,000	40,000
Jeremy Palmer ⁶	–	–	–	–	–	–	10,000
David Morrison ⁷	–	40,000	–	–	–	40,000	20,000
Total	1,198,870	155,000	3,397	567,563	1,538,193	3,463,023	3,754,367

¹ Neil Record relinquished the joint role of Chief Executive Officer and Chairman with effect from 1 October 2010, remaining as Executive Chairman.

² Neil Record's pension contributions of £33,030 were paid as taxable salary in accordance with the Group's pension policy and are included in this figure.

³ James Wood-Collins was appointed Chief Executive Officer with effect from 1 October 2010. Remuneration from 1 April 2009 to 30 September 2010 is excluded from these figures.

⁴ The Remuneration Committee approved payment of £7,295 to James Wood-Collins as salary in lieu of pension contributions during the year, which are included in this figure.

⁵ The Remuneration Committee approved payment of £3,395 to Paul Sheriff as salary in lieu of pension contributions during the year, which are included in this figure.

⁶ Jeremy Palmer was appointed as a Non-executive Director on 1 October 2009 and resigned on 5 January 2010.

⁷ David Morrison was appointed as a Non-executive Director on 1 October 2009.

Pensions

Executive Directors are entitled to join the Group Personal Pension Scheme. This is a defined contribution plan, to which the Group makes contributions equal to 13% of each Director's salary and matches any contributions made by the Director up to a further 2.5%. There is no mandatory requirement for Executive Directors to contribute. The contribution made in respect of each Executive Director is as follows:

	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Neil Record*	–	14,065
James Wood-Collins	10,800	–
Leslie Hill	42,195	42,195
Bob Noyen	38,679	42,195
Peter Wakefield	–	17,581
Paul Sheriff	34,100	34,100
Total	125,774	150,136

* In accordance with the Group's pension policy, payments in lieu of pension were made totalling £33,030 to Neil Record (2010: £23,593). No pension contributions were made on behalf of Neil Record in the year (2010: £14,065).

Directors' share awards

No Director was awarded any share options during the financial year ended 31 March 2011.

The only Director to hold or exercise any share options during the financial year was James Wood-Collins. The grant of these share options was made upon his joining the Group, prior to his appointment to the Board of Directors and in accordance with the rules of the Record plc Share Scheme. Further details regarding the number of shares and vesting conditions attached to the share options are contained in Directors' interests in Record plc share awards.

Approved by the Board and signed on its behalf by:



Andrew Sykes

Chairman of the Remuneration Committee

13 June 2011

Independent Auditor's Report to the Members of Record plc

We have audited the financial statements of Record plc for the year ended 31 March 2011 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 34, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2011 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 35 to 37 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules, we are required to review:

- the directors' statement, set out on page 33, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to the shareholders by the Board on directors' remuneration.



Marcus Swales

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

13 June 2011

Consolidated statement of comprehensive income

Year ended 31 March

	Note	2011 £'000	2010 £'000
Revenue	3	28,196	33,424
Cost of sales		(102)	–
Gross profit		28,094	33,424
Administrative expenses		(15,740)	(16,972)
Loss on financial instruments held as part of disposal group	18	(1)	(60)
Operating profit	4	12,353	16,392
Finance income	6	184	220
Profit before tax		12,537	16,612
Taxation	7	(3,603)	(4,707)
Profit after tax		8,934	11,905
Other comprehensive income		–	–
Total comprehensive income for the year		8,934	11,905
Total comprehensive income for the year attributable to:			
Non-controlling interests		27	–
Owners of the parent		8,907	11,905
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in pence per share)			
Basic earnings per share	8	4.03p	5.39p
Diluted earnings per share	8	4.03p	5.38p

The notes on pages 53 to 79 are an integral part of these consolidated financial statements

Consolidated statement of financial position

As at 31 March

	Note	2011 £'000	2010 £'000	2009 £'000
Non-current assets				
Property, plant and equipment	11	227	205	368
Intangible assets	12	1,085	535	–
Deferred tax assets	14	70	143	146
		1,382	883	514
Current assets				
Trade and other receivables	15	6,904	8,325	7,742
Derivative financial assets	16	–	98	–
Cash and cash equivalents	17	24,728	21,861	29,798
		31,632	30,284	37,540
Current assets held for sale (disposal group)	18	3,022	940	–
Total assets		36,036	32,107	38,054
Current liabilities				
Trade and other payables	19	(4,089)	(3,874)	(7,076)
Corporation tax liabilities	19	(1,837)	(2,384)	(3,774)
Derivative financial liabilities	19	(12)	(149)	(13)
		(5,938)	(6,407)	(10,863)
Total net assets		30,098	25,700	27,191
Equity				
Issued share capital	20	55	55	55
Share premium account		1,809	1,809	1,809
Capital redemption reserve	22	20	20	20
Retained earnings		27,262	23,816	25,307
Equity attributable to owners of the parent		29,146	25,700	27,191
Non-controlling interest	23	952	–	–
Total equity		30,098	25,700	27,191

Approved by the Board on 13 June 2011 and signed on its behalf by:



Neil Record
Chairman



Paul Sheriff
Chief Financial Officer and
Chief Operating Officer

Company number 1927640

The notes on pages 53 to 79 are an integral part of these consolidated financial statements

Company statement of financial position

As at 31 March

	Note	2011 £'000	2010 £'000	2009 £'000
Non-current assets				
Investments	13	30	30	30
		30	30	30
Current assets				
Trade and other receivables	15	–	–	3
Derivative financial assets	16	–	98	–
Cash and cash equivalents	17	50	1,077	2,018
		50	1,175	2,021
Current assets held for sale (disposal group)	18	2,070	940	–
Total assets		2,150	2,145	2,051
Current liabilities				
Trade and other payables	19	(10)	(47)	(28)
Corporation tax liabilities	19	–	(15)	(18)
		(10)	(62)	(46)
Total net assets		2,140	2,083	2,005
Equity				
Issued share capital	20	55	55	55
Share premium account		1,809	1,809	1,809
Capital redemption reserve	22	20	20	20
Retained earnings		256	199	121
Total equity		2,140	2,083	2,005

Approved by the Board on 13 June 2011 and signed on its behalf by:



Neil Record
Chairman



Paul Sheriff
Chief Financial Officer and
Chief Operating Officer

The notes on pages 53 to 79 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity

Year ended 31 March

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Non- controlling interest £'000	Total shareholders' equity £'000
2011						
As at 1 April 2010	55	1,809	20	23,816	–	25,700
Dividends paid	–	–	–	(5,723)	–	(5,723)
Employee share options	–	–	–	262	–	262
Transactions with owners	–	–	–	(5,461)	–	(5,461)
Issue of units in funds to non-controlling interests	–	–	–	–	925	925
Profit for the year	–	–	–	8,907	27	8,934
As at 31 March 2011	55	1,809	20	27,262	952	30,098
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Non- controlling interest £'000	Total shareholders' equity £'000
2010						
As at 1 April 2009	55	1,809	20	25,307	–	27,191
Dividends paid	–	–	–	(13,596)	–	(13,596)
Own shares held by EBT	–	–	–	(51)	–	(51)
Employee share options	–	–	–	251	–	251
Transactions with owners	–	–	–	(13,396)	–	(13,396)
Profit for the year	–	–	–	11,905	–	11,905
As at 31 March 2010	55	1,809	20	23,816	–	25,700

The notes on pages 53 to 79 are an integral part of these consolidated financial statements

Company statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
2011					
As at 1 April 2010	55	1,809	20	199	2,083
Dividends paid	–	–	–	(5,723)	(5,723)
Transactions with owners	–	–	–	(5,723)	(5,723)
Loss for the year	–	–	–	(22)	(22)
Dividends received from subsidiaries	–	–	–	5,802	5,802
As at 31 March 2011	55	1,809	20	256	2,140
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
2010					
As at 1 April 2009	55	1,809	20	121	2,005
Dividends paid	–	–	–	(13,596)	(13,596)
Transactions with owners	–	–	–	(13,596)	(13,596)
Profit for the year	–	–	–	59	59
Dividends received from subsidiaries	–	–	–	13,615	13,615
As at 31 March 2010	55	1,809	20	199	2,083

The notes on pages 53 to 79 are an integral part of these consolidated financial statements

Consolidated statement of cash flows

Year ended 31 March

	2011		2010	
	£'000	£'000	£'000	£'000
Profit after tax	8,934		11,905	
Adjustments for:				
Corporation tax	3,603		4,707	
Finance income	(184)		(220)	
Depreciation of property, plant and equipment	191		250	
Share-based payments expense	262		251	
		12,806		16,893
Changes in working capital				
Decrease/(increase) in receivables		1,418		(591)
Increase/(decrease) in payables		214		(3,202)
Increase in other financial assets		(1,985)		(1,051)
(Decrease)/increase in other financial liabilities		(136)		149
Cash inflow from operating activities		12,317		12,198
Corporation taxes paid		(4,076)		(6,094)
Net cash inflow from operating activities		8,241		6,104
Cash flow from investing activities				
Purchase of property, plant and equipment		(85)		(87)
Purchase of intangible assets		(679)		(535)
Interest received		188		229
Net cash outflow from investing activities		(576)		(393)
Cash flow from financing activities				
Cash inflow from issue of units in funds		925		–
Purchase of treasury shares		–		(52)
Dividends paid to equity shareholders		(5,723)		(13,596)
Cash outflow from financing activities		(4,798)		(13,648)
Net increase/(decrease) in cash and cash equivalents in the year		2,867		(7,937)
Cash and cash equivalents at the beginning of the year		21,861		29,798
Cash and cash equivalents at the end of the year		24,728		21,861
Closing cash and cash equivalents consists of:				
Cash at bank and in hand		24,728		21,861
		24,728		21,861

The notes on pages 53 to 79 are an integral part of these consolidated financial statements

Company statement of cash flows

Year ended 31 March

	2011		2010	
	£'000	£'000	£'000	£'000
(Loss)/profit after tax	(22)		59	
Adjustments for:				
Corporation tax	-		16	
Finance income	(4)		(15)	
		(26)		60
Changes in working capital				
Increase in other financial assets		(1,032)		(1,038)
(Decrease)/increase in payables		(37)		18
Cash outflow from operating activities		(1,095)		(960)
Corporation taxes paid		(15)		(18)
Net cash outflow from operating activities		(1,110)		(978)
Cash flow from investing activities				
Dividends received	5,802		13,615	
Interest received	4		18	
Net cash inflow from investing activities		5,806		13,633
Cash flow from financing activities				
Dividends paid to equity shareholders	(5,723)		(13,596)	
Cash outflow from financing activities		(5,723)		(13,596)
Net decrease in cash and cash equivalents in the year		(1,027)		(941)
Cash and cash equivalents at the beginning of the year		1,077		2,018
Cash and cash equivalents at the end of the year		50		1,077
Closing cash and cash equivalents consists of:				
Cash at bank and in hand		50		1,077
		50		1,077

The notes on pages 53 to 79 are an integral part of these consolidated financial statements

Notes to the accounts

For the year ended 31 March 2011

1 Accounting policies

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

(a) Accounting convention

Basis of preparation

The Group and Company have prepared their financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. IFRSs comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted in the European Union as at 31 March 2011. The financial statements have been prepared on a historical cost basis, modified to include fair valuation of derivative financial instruments.

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

Adoption of International Financial Reporting Standards ('Standards')

In the current year, there were no new or revised Standards and Interpretations that have been adopted and have affected the amounts reported in these financial statements.

The following standards have been applied by the Group from 1 April 2010. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements:

IAS 27 (Amendment) Consolidated and separate financial statements
IFRS 2 (Amendment) Share based payments
IASB Improvements to IFRS

The following amendments were made as part of 'Improvements to IFRS (2009)':

Amendments to IAS 38 'Intangible Assets'
Amendments to IFRS 8 'Operating Segments'
Amendments to IAS 7 'Statement of Cash Flows'
Amendments to IAS 36 'Impairment of Assets'

New Standards and Interpretations

During the course of the year, the IASB and the International Financial Reporting Interpretations Committee issued a number of new accounting standards, amendments to existing standards and interpretations. The following new standard is not applicable to these financial statements but is expected to have an impact when it becomes effective. The Group plans to apply this standard in the reporting period in which it becomes

effective. IFRS 9 Financial Instruments proposes revised measurement and classification criteria for financial assets. This standard has a mandatory effective date in 2013. The Group is still assessing the impact on the Group's future financial statements.

(b) Basis of consolidation

The consolidated financial information contained within the financial statements incorporates financial statements of the Company and entities controlled by the Company (its subsidiaries) drawn up to 31 March 2011. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group controls an entity, but does not own all the share capital of that entity, the interest of the other shareholders' non-controlling interests is stated within equity at the non-controlling interests' proportion of the carrying values of the recognised assets and liabilities.

An Employee Benefit Trust has been established for the purposes of satisfying certain share-based awards. The Group has 'de facto' control over this special purpose entity. This trust is fully consolidated within the accounts.

The Group has investments in a number of funds where it is in a position to be able to control those funds. These funds are held by Record plc and represent seed capital investments by the Group. The funds are consolidated unless they meet the definition of a current asset held for sale, in which case they are classified and accounted for accordingly.

The accounts of subsidiary undertakings, which are prepared using uniform accounting policies, are coterminous with those of the Company apart from those of the seeded funds which have accounting reference dates of 30 September.

The Company is taking advantage of the exemption under the Companies Act 2006 s408(1) not to present its individual statement of comprehensive income and related notes that form part of the financial statements. The Group total comprehensive income for the year includes a comprehensive loss of £22,535 attributable to the Company (2010: total comprehensive income of £58,027).

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

(c) Segment reporting

The Group provides its Directors with revenue information disaggregated by product, whilst operating costs, assets and liabilities are presented on an aggregated basis because this reflects the unified basis in which the products are marketed, delivered and supported, and on that basis, the Directors consider that the Group has only one segment. The Group reports its revenues by product and by two fee structures being 'management fees' and 'performance fees'. Revenue analysis is presented in note 3.

Notes to the accounts

For the year ended 31 March 2011

continued

1 Accounting policies continued

(d) Foreign currencies

The financial statements are presented in Sterling (£), which is also the functional currency of the parent company. Foreign currency transactions are translated into the functional currency of the parent company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognised in the profit or loss.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts (see note 24 Financial risk management). The Group does not apply hedge accounting.

(e) Revenue recognition

Revenue is recognised in the statement of comprehensive income when the amount of revenue can be measured reliably; it is probable that economic benefits will flow to the entity; the stage of completion can be measured reliably; and the costs incurred and costs to complete the transaction can be measured reliably also.

Management fees are accrued on a daily basis based upon the Assets under Management Equivalent (AuME). The Group is entitled to earn performance fees from a number of clients where the performance of the clients' assets exceeds defined benchmarks by an agreed level of outperformance over a set time period. Performance fees are recognised when the fee amount can be estimated reliably and it is probable that the fee will be received. Fees are recognised at the end of a performance period.

(f) Retirement benefits

The Group operates defined contribution pension plans for the benefit of certain employees. The Group makes contributions to independently administered plans, such contributions being recognised as an expense when they fall due. The Group has no legal or constructive obligation to make any further payments to the plans other than the contributions due.

(g) Share-based payments

The Group issues share awards to employees. Share options and deferred share awards issued under the Group Bonus Scheme and the Flotation Bonus Scheme are classified as share-based payments with cash alternatives under IFRS 2. The fair value of the debt component of the amounts payable to the employee is calculated as the cash amount 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 options or award at grant date less the cash forfeited in order to receive the share options or award. The debt component is charged to the statement of comprehensive income over the period in which the option or award is earned, the equity component is charged to the statement of comprehensive income over the vesting period of the option or award.

All other awards have been classified as equity-settled under IFRS 2. 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.

The fair value of options granted is measured at grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted. The fair value amounts for the options issued since listing on the London Stock Exchange were determined using quoted share prices. Further details on the share-based compensation plans are included in note 21.

(h) Leases

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.

(i) Dividend distribution

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

(j) Property, plant and equipment

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.

Computer equipment – 2-5 years

Fixtures and fittings – 4 years

Leasehold improvements – period from acquisition to next rent review

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.

(k) Intangible assets

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

Software – 5 years

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

(l) Trade and other receivables

Trade and other receivables are stated at their original invoice value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

(m) Cash and cash equivalents

Cash and cash equivalents comprise 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.

(n) Deferred taxation

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 substantially 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.

(o) Assets classified as held for sale (disposal groups)

When the Group intends to sell a disposal group, and if sale within twelve months is highly probable, the disposal group is classified as 'held for sale' and presented separately in the statement of financial position.

A disposal group classified as 'held for sale' is measured at the lower of its carrying amount immediately prior to their classification as 'held for sale' and its fair value less costs to sell. Gains and losses are recognised through profit or loss.

The Group's held for sale assets are limited to seed capital in the FTSE FRB10 Index Fund and the Emerging Market Currency Fund. As at 31 March 2010 the Group's held for sale assets were limited to seed capital in the Carry 250 Fund.

(p) Trade and other payables

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.

(q) 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.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and liabilities are measured subsequently as described below.

Financial Assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

Loans and receivables;
Financial assets at fair value through profit or loss; and
Held for sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and trade and other receivables fall into this category of financial instruments.

Individual receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables is presented within 'other expenses'.

Notes to the accounts

For the year ended 31 March 2011

continued

1 Accounting policies continued

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried at fair value with gains or losses recognised through profit or loss.

Derivative financial liabilities

The Group uses foreign exchange forward contracts to manage its foreign currency exposures.

Derivatives are initially recognised at cost on the date on which the contract is entered into unless 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.

(r) Impairment of assets

The Group typically assesses annually whether there is any indication that any of its assets have been impaired. 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.

In the case of the Group's current assets held for sale (disposal group) which are seed investments in funds the Group assesses whether the assets have been impaired on a monthly basis. Any impairment loss is processed as described in Note 18.

(s) Taxation

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.

(t) Own shares

The Record plc Employee Benefit Trust (EBT) was formed under a Trust Deed dated 19 December 2007 to hold shares acquired under the Record plc share-based compensation plans. A total of 304,964 (2010:

586,068; 2009: 696,972) ordinary shares were held in the EBT at the reporting date. 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. The EBT is consolidated in 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. Further information regarding the Record plc share-based compensation plans and relevant transactions made during the year are included in note 21.

(u) Group and Company reserves

The share premium account records the difference between the nominal value of shares issued and the value of the consideration received. The use of the share premium account is governed by the Companies Act 2006.

Where shares have been redeemed or purchased wholly out of the Company's profits, the Companies Act 2006 requires a transfer to the capital redemption reserve equal to the amount by which the Company's issued share capital is diminished. Furthermore the provisions of the Act relating to a reduction of the Company's share capital apply as if the capital redemption reserve were paid up share capital of the Company.

(v) Non-controlling interests

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

(w) Provisions and contingent liabilities

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

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

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

2 Critical accounting estimates and judgements

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Note 18 describes the assumptions made in classifying its seed investment in two new funds as assets held for sale. Note 21 covers the assumptions made in calculating the fair value of share options offered by the Group to its employees. The Directors have judged that the Group does not bear substantially all the risks and rewards of ownership of its leasehold premises and therefore accounts for the leases as operating leases as described in note 27.

3 Revenue

(a) 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 Directors receive revenue analysis disaggregated by product, whilst operating costs are presented on an aggregated basis because this reflects the unified basis in which the products are marketed, delivered and supported.

(b) Product revenues

The Group has split its currency management revenues by product and fee type. The Currency for Return product is delivered through both segregated mandates and a pooled fund structure. Revenues from the two new products (Emerging Market Currency Fund and FTSE FRB10 Index Fund) are not material and have been included in the Currency for Return pooled funds revenues. Other Group activities include consultancy.

	2011 £'000	2010 £'000
Fees		
Dynamic Hedging		
Management fees	17,539	14,432
Performance fees	–	–
Passive hedging		
Management fees	2,718	2,211
Currency for Return segregated funds		
Management fees	4,771	8,038
Performance fees	–	–
Currency for Return pooled funds		
Management fees	3,111	8,563
Performance fees	–	224
Total management fee and performance fee income	28,139	33,468
Other Group activities	57	(44)
Total	28,196	33,424

Notes to the accounts

For the year ended 31 March 2011

continued

3 Revenue continued

(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. All assets of the Group are located in the UK.

Other group activities form less than 1% of the total Group income. This is not considered significant and they are not analysed by geographical region.

	2011 £'000	2010 £'000
Income by Geographical Region		
Fees		
UK	8,440	14,885
US	13,604	10,921
Switzerland	5,343	4,568
UAE	–	720
Other	752	2,374
Total management fee and performance fee income	28,139	33,468
Other Group activities	57	(44)
Total	28,196	33,424

(d) Major clients

During the year ended 31 March 2011 £9.4m (33%) of the Group's revenue was accounted for by a single client. No other clients accounted for more than 10% of the Group's revenue during the year.

4 Operating profit

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

	2011 £'000	2010 £'000
Staff costs	11,437	13,172
Depreciation of property, plant and equipment	191	250
Fees payable to the Company's auditor for the audit of the Company's annual accounts	34	33
The audit of the Company's subsidiaries, pursuant to legislation	35	34
Other services pursuant to legislation	40	71
Other services relating to taxation	12	15
Operating lease rentals: Land and buildings	202	195
Exchange gains on hedging activities	(263)	(140)
Other exchange losses	245	288

5 Staff costs

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

	2011	2010
Client Team	11	10
Research	6	6
Portfolio Management	11	9
Trading	5	5
Operations	6	7
Reporting Services	7	6
Systems	6	6
Finance, Human Resources and Legal	7	7
Administration	2	3
Compliance	2	2
Corporate	9	8
Annual Average	72	69

The Company, as opposed to the Group, had eight employees during the year (2010: seven).

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

	2011 £'000	2010 £'000
Wages and salaries	7,947	8,875
Social security costs	1,226	1,410
Pension costs	470	483
Equity-settled share-based payments	1,794	2,404
Aggregate payroll costs	11,437	13,172

6 Finance income

	2011 £'000	2010 £'000
Interest on short-term deposits	184	220

7 Taxation – Group

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

	2011 £'000	2010 £'000
Profit before taxation	12,537	16,612
Taxation at the standard rate of tax in the UK of 28%	3,510	4,651
Tax effects of:		
Other disallowable expenses and non-taxable income	18	13
Capital allowances for the period lower than depreciation	9	30
Lower tax rates on UK subsidiary undertakings	(8)	(9)
Adjustments recognised in current year in relation to the current tax of prior years	2	(1)
Other temporary differences	72	23
Total tax expense	3,603	4,707

At the period end the Group had deferred tax assets of £69,615 (2010: £143,991). At the balance sheet date there were earned and unearned share options not exercised and deferred share awards with an intrinsic value for tax purposes of £70,904 (2010: £350,175). The Group will be entitled to a corporation tax deduction in respect of the difference between the exercise price and the strike price upon the vesting of these shares.

The standard rate of corporation tax in the UK is 28% (2010: 28%). 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 2011 was £3,603,466 (2010: £4,706,573) which was 28.8% of profit before tax (2010: 28.3%).

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.

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For the year ended 31 March 2011

continued

8 Earnings per share continued

	2011	2010
Weighted average number of shares used in calculation of basic earnings per share	220,965,275	220,668,098
Effect of dilutive potential ordinary shares – share options	306,347	416,830
Weighted average number of shares used in calculation of diluted earnings per share	221,271,622	221,084,928
	pence	pence
Basic earnings per share	4.03	5.39
Diluted earnings per share	4.03	5.38

The potential dilutive shares relate to the share options and deferred share awards granted in respect of three of the Group's incentive schemes i.e. the Group Bonus Scheme, the Flotation Bonus Scheme and the Share Scheme. There were share options and deferred share awards in place at the beginning of the period over 586,068 shares. During the year options were exercised, or share awards vested, over 281,104 shares. The Group did not grant any deferred share awards with a potentially dilutive effect during the year.

9 Dividends

The dividends paid by the Group during the year ended 31 March 2011 totalled £5,722,996 (2.59p per share), of which £4,420,307 (2.00p per share) was the interim dividend paid in respect of the year ended 31 March 2011 and £1,302,689 (0.59p per share) was the final dividend paid in respect of the year ended 31 March 2010. The dividends paid during the year ended 31 March 2010 totalled £13,595,519 (6.16p per share), of which £8,828,748 (4.00p per share) was the sum of the two interim dividends paid in respect of the year ended 31 March 2010 and £4,766,771 (2.16p per share) was the final dividend paid in respect of the year ended 31 March 2009.

10 Retirement benefit obligations

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £470,667 (2010: £482,908).

11 Property, plant and equipment – Group

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

2011	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2010	529	682	278	1,489
Additions	5	79	1	85
Disposals	–	(3)	–	(3)
Transfers	–	129	–	129
At 31 March 2011	534	887	279	1,700
Depreciation				
At 1 April 2010	430	623	231	1,284
Charge for the year	104	55	32	191
Disposals	–	(2)	–	(2)
At 31 March 2011	534	676	263	1,473
Net book amounts				
At 31 March 2011	–	211	16	227
At 1 April 2010	99	59	47	205

2010	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2009	506	640	269	1,415
Additions	23	55	9	87
Disposals	–	(13)	–	(13)
At 31 March 2010	529	682	278	1,489
Depreciation				
At 1 April 2009	315	560	172	1,047
Charge for the year	115	76	59	250
Disposals	–	(13)	–	(13)
At 31 March 2010	430	623	231	1,284
Net book amounts				
At 31 March 2010	99	59	47	205
At 1 April 2009	191	80	97	368
<hr/>				
2009	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2008	483	628	253	1,364
Additions	23	81	16	120
Disposals	–	(69)	–	(69)
At 31 March 2009	506	640	269	1,415
Depreciation				
At 1 April 2008	212	426	115	753
Charge for the year	103	203	57	363
Disposals	–	(69)	–	(69)
At 31 March 2009	315	560	172	1,047
Net book amounts				
At 31 March 2009	191	80	97	368
At 1 April 2008	271	202	138	611

The Company has no property, plant and equipment as at 31 March 2011 (2010: nil; 2009: nil).

Notes to the accounts

For the year ended 31 March 2011

continued

12 Intangible assets

The Group's intangible assets comprise acquired software only. The carrying amounts can be analysed as follows:

	Software £'000	Total £'000
2011		
Cost		
At 1 April 2010	535	535
Additions	679	679
Disposals	–	–
Transfers	(129)	(129)
At 31 March 2011	1,085	1,085
Amortisation		
At 1 April 2010	–	–
Charge for the year	–	–
Disposals	–	–
At 31 March 2011	–	–
Net book amounts		
At 31 March 2011	1,085	1,085
At 1 April 2010	535	535
2010	Software £'000	Total £'000
Cost		
At 1 April 2009	–	–
Additions	535	535
Disposals	–	–
At 31 March 2010	535	535
Amortisation		
At 1 April 2009	–	–
Charge for the year	–	–
Disposals	–	–
At 31 March 2010	–	–
Net book amounts		
At 31 March 2010	535	535
At 1 April 2009	–	–

As at 31 March 2011 the Group was in the testing stage of implementation of a new back office software project. Amortisation of the capitalised development costs will commence from the date that the project is completed (expected in the current financial year). The estimated useful economic life of the completed software is five years. During the prior year, the Group entered into an agreement to develop a back office operating system and to operate and support this system for five years. Minimum contractual commitments resulting from this agreement are £1,523,750 payable from 2010 through to 2014. All amortisation charges are included within administrative expenses.

The Group had no intangible assets in the year ending 31 March 2009.

13 Investments

Company	2011 £'000	2010 £'000	2009 £'000
Investment in subsidiaries (at cost)			
Record Currency Management Limited	10	10	10
Record Group Services Limited	10	10	10
Record Portfolio Management Limited	10	10	10
Record Fund Management Limited	–	–	–
N P Record Trustees Limited	–	–	–
	30	30	30

Particulars of subsidiary undertakings

Name	Nature of business
Record Currency Management Limited	Currency management services
Record Group Services Limited	Management services to other Group undertakings
Record Portfolio Management Limited	Dormant
Record Fund Management Limited	Dormant
N P Record Trustees Limited	Trust company

The Group's interest in the equity capital of subsidiary undertakings is 100% of the ordinary share capital in all cases. All subsidiary undertakings are incorporated in England and Wales and have a reporting date of 31 March.

14 Deferred taxation – Group

	2011 £'000	2010 £'000	2009 £'000
Profit or loss account movement arising during the year	(73)	(3)	100
Asset brought forward	143	146	46
Asset carried forward	70	143	146

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

	2011 £'000	2010 £'000	2009 £'000
Deferred tax allowance on unvested share options	18	101	103
Excess of taxation allowances over depreciation on fixed assets	52	42	43
	70	143	146

At the year end the Group had deferred net tax assets of £69,615 (2010: £143,992; 2009: £146,598) including provision for share options not exercised with an intrinsic value for tax purposes of £70,904 (2010: £350,175; 2009: £460,002). 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 other unprovided deferred taxation.

15 Trade and other receivables

	Group			Company		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Trade receivables	6,264	7,697	7,026	–	–	–
Other receivables	4	33	36	–	–	3
Prepayments	636	595	680	–	–	–
	6,904	8,325	7,742	–	–	3

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For the year ended 31 March 2011

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15 Trade and other receivables continued

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. All of the Group's trade and other receivables have been reviewed for indicators of impairment; no such indicators were noted. The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is £nil (2010: £nil; 2009: £nil).

16 Derivative financial assets

The Group trialled a new product in emerging markets from November 2009 until January 2011, managing a portfolio of forward exchange contracts in order to achieve a return. These contracts were classified as financial assets held for trading. At 31 March 2011 there were no outstanding contracts (at 31 March 2010 there were outstanding contracts with a principal value of £3,195,836; 2009: £nil). The fair value of the contracts was calculated using the market forward contract rates prevailing at the period end date. The maximum exposure to credit risk was represented by the fair value of the positions and this was mitigated by using cash deposited of £1m as collateral. Further detail including sensitivity analysis on the fair value of outstanding contracts is contained in note 24.

	Group			Company		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Forward foreign exchange contracts held for trading	-	98	-	-	98	-

The net gain on forward exchange contracts at fair value is included in other income. The net gain on financial assets is as follows:

	Group			Company		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Net gain on forward exchange contracts at fair value through profit or loss	2	119	-	2	119	-

17 Cash and cash equivalents

	Group			Company		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Cash at bank and in hand – Sterling	24,691	21,804	29,729	50	1,077	2,018
Cash at bank and in hand – other currencies	37	57	69	-	-	-
	24,728	21,861	29,798	50	1,077	2,018

The Group holds short-term deposits that are made for varying periods, depending on the cash requirements of the Group. From November 2009 until January 2011, the Group also deposited cash as collateral against the forward exchange contracts used in the trialling of its new product. As at 31 March 2011 there was no deposit held as collateral in this respect (2010: £1,022,578, 2009: £nil). These deposits earn interest at market short-term deposit rates. The Group has unrestricted access to these deposits which meet the definition of a cash equivalent.

18 Current assets held for sale (disposal group)

From time to time, the Group injects capital into funds operated by the Group to launch or trial new products (seed capital). The Group invested £1,004,000 in the Record Currency FTSE FRB10 Index Fund and a further £1,000,000 in the Record Currency Emerging Market Currency Fund. In both cases, the only other investor in the fund is Neil Record, a Director of Record plc. In accordance with SIC-12 and IAS 27, such funds are considered to be under control of the Group and as such the fund becomes a subsidiary of the Group.

The Group consolidates the assets of its subsidiaries on a line by line basis, but as the Group is actively seeking to reduce its holding in the fore-mentioned funds within twelve months through the sale of further units in these funds to external investors and the subsequent redemption of Record's own investment, the investments in the funds are classified as being a disposal group held for sale as it is considered highly probable that the funds will not remain under the control of the Group one year after the original investment was made.

If the Group still retains control of the funds after this time, the funds will cease to be classified as held for sale and will be consolidated in full. The Group was previously invested in the Record Currency Fund Carry 250, and this was also accounted for as a disposal group held for sale on the same basis.

	Group			Company		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Seed capital classified as being a disposal group held for sale	3,022	940	–	2,070	940	–

The Euro Stress Fund was not seeded until after year end and is therefore not included in the amounts provided in the table above.

The underlying assets of the funds are cash deposits, and forward exchange contracts with tenors of three months or shorter which are accounted for as derivatives measured at fair value through profit or loss under IAS 39.

The net loss on financial instruments held as part of a disposal group is as follows:

	Group			Company		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Net loss on financial instruments held as part of disposal group	1	60	–	28	60	–

The net loss on financial instruments held as part of disposal group suffered by the Group includes a gain of £26,717 attributable to non-controlling interests.

19 Current liabilities

Amounts falling due within one year

	Group			Company		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Trade payables	580	457	130	–	–	–
Amounts owed to Group undertaking	–	–	–	10	47	28
Other payables	279	562	760	–	–	–
Other tax and social security	364	1,957	442	–	–	–
Accruals and deferred income	2,866	898	5,744	–	–	–
	4,089	3,874	7,076	10	47	28

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

Current tax liabilities

	Group			Company		
	2011 £'000	2010 £'000	2009 £'000	2011 £'000	2010 £'000	2009 £'000
Corporation tax	1,837	2,384	3,774	–	15	18

Derivative financial liabilities

The Group uses forward exchange contracts to reduce the risk associated with sales denominated in foreign currencies. At 31 March 2011 there were outstanding contracts with a principal value of £4,361,326 (2010: £4,710,619) 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 2011. Further detail including sensitivity analysis on the fair value of outstanding contracts is contained in note 24.

	Group		
	2011 £'000	2010 £'000	2009 £'000
Forward foreign exchange contracts	12	149	13

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For the year ended 31 March 2011

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19 Current liabilities Continued

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

	2011 £'000	Group 2010 £'000	2009 £'000
Net gain or (loss) on fair value through profit or loss	263	140	(782)

20 Called up share capital

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

	31 March 2011		31 March 2010		31 March 2009	
	£'000	Number	£'000	Number	£'000	Number
Authorised						
Ordinary shares of 0.025p each	100	400,000,000	100	400,000,000	100	400,000,000
Called up, allotted and fully paid						
Ordinary shares of 0.025p each	55	221,380,800	55	221,380,800	55	221,380,800

Changes to the issued share capital

	£'000	Number
As at 1 April 2007	55	549,550
Exercise of share options		
'A' ordinary shares issued	–	3,902
Conversion of 'A' ordinary shares to ordinary shares		
Ordinary shares of 10p each	15	150,485
'A' ordinary shares of 10p each	(15)	(150,485)
Ordinary shares of 10p each	55	553,452
400 to 1 Split of ordinary shares		
Ordinary shares of 0.025p each	55	221,380,800
Adjustment for own shares held by EBT	–	(168,287)
As at 31 March 2008	55	221,212,513
Adjustment for own shares held by EBT	–	(528,685)
As at 31 March 2009	55	220,683,828
Adjustment for own shares held by EBT	–	110,904
As at 31 March 2010	55	220,794,732
Adjustment for own shares held by EBT	–	281,104
As at 31 March 2011	55	221,075,836

The two classes of share authorised as at 1 April 2007 ranked pari passu in all respects save that the 'A' ordinary shares were subject to a mandatory transfer upon the termination of the shareholder's employment. On 23 August 2007, a resolution was passed with the effect that all issued and unissued 'A' ordinary shares were converted to ordinary shares. On 15 November 2007, a resolution was passed with the effect that on admission to the main market for listed securities of the London Stock Exchange, all issued and unissued ordinary shares of 10p were each split into 400 ordinary shares of 0.025p.

20 Called up share capital Continued

The Group has established an Employee Benefit Trust (EBT) to hold shares to be used to meet future liabilities relating to the Group's 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. As at 31 March 2011, the EBT held 304,964 ordinary shares of 0.025p in Record plc (2010: 586,068).

21 Share-based payments

During the year ended 31 March 2011 the Group has managed the following share-based compensation plans:

The Record plc Group Bonus Scheme

The Record plc Group Bonus Scheme (GBS) was adopted by the company on 1 November 2007. On 30 July 2009 it was amended and became the Record plc Group Profit Share Scheme. Under the terms of the scheme rules, certain employees of the company could elect to receive a proportion of their bonus in the form of a deferred share award. The number of shares is calculated based on the residual bonus divided by the market value of the shares at grant date. The shares are available to the employee after the vesting period for nil consideration upon exercise. The Group simultaneously granted additional rights to acquire shares ('bonus' shares; equal to 20% of the shares elected for) to those same employees. Elected shares vest in two equal tranches on each of the first and second anniversary of the date of grant and bonus shares will vest in full only after two years. The vesting of the shares is subject to continued employment or having left as a good leaver. The final vesting of shares under this scheme will occur in June 2011 and no further awards will be made.

The Record plc Group Profit Share Scheme

The Record plc Group Bonus Scheme (GBS) was amended with the approval of a general meeting of the Company's members on 30 July 2009 and became the Record plc Group Profit Share Scheme. Under the terms of the scheme rules, employees and Directors of the company may elect to receive a proportion of their profit share in the form of a share award, with the exception of certain employees and Directors deemed significant shareholders who must receive their profit share in cash. The scheme is being modified such that all senior managers irrespective of their shareholding in the Company will be required to receive at least one third of their profit share in the form of shares. Directors and senior employees receive one third of their profit share in cash, one third in shares ('Earned Shares') and may elect to receive the final third as cash only or to allocate some or all of the amount for the purchase of Additional Shares. Other employees receive two thirds of their profit share in cash and may elect to receive the final third as cash only or to allocate some or all of the amount for the purchase of Additional Shares.

If an individual elects to receive Additional Shares, the Group simultaneously awards a Matching Share value amount using a multiple decided by the Remuneration Committee. The multiple for Directors and senior employees was 1.0 for the first half year, increasing to 1.2 for the second half year. The multiple was 0.2 for the whole year for other employees. The number of shares is determined by the post-tax cash attributed to Earned Shares plus Additional Shares plus Matching Shares divided by the aggregate market value achieved on the purchase of all such shares in the market. All shares the subject of share awards are transferred immediately to a nominee. None of these shares are subject to any vesting or forfeiture provisions and the individual is entitled to full rights in respect of the shares purchased. No such shares can be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee except as follows:

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

The Record plc Share Scheme

The Record plc Share Scheme was adopted by the company on 1 August 2008. During the year ended 31 March 2009 two new senior employees were granted deferred share awards upon appointment. The number of shares for each employee was calculated based on £200,000 divided by the market price of one Record plc ordinary share on the day of appointment (or on the first business day after a close period, if the appointment occurred within a close period). The shares are available to the employee after the vesting period for nil consideration upon exercise. The shares vest equally on the second, third and fourth anniversary of appointment. The vesting of the shares is subject to continued employment (or at the Remuneration Committee's discretion, having become a good leaver). The rights to acquire the shares are issued under nil cost option agreements. It is intended to amend the Share Scheme to enable it to provide tax-approved awards to employees of Record plc or its subsidiaries.

Share-based payment transactions with cash alternatives

Deferred share awards granted under the Record plc Group Bonus Scheme, the Record plc Group Profit Share Scheme and options granted under the Record plc Flotation Bonus Scheme are accounted for under IFRS 2 as share-based payment transactions with cash alternatives.

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21 Share-based payments continued

Equity-settled share-based payments

Deferred share awards granted under the Record plc Share Scheme are accounted for under IFRS 2 as equity-settled share-based payment transactions.

At 31 March 2011, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 304,964 (2010: 586,068; 2009: 696,972). These deferred share awards and options are over issued shares held in an Employment Benefit Trust. Details of outstanding share options and deferred shares awarded to employees are set out below:

Date of grant	At 1 April 2010	Granted	Exercised	At 31 March 2011	Exercise/ vesting date: From	Exercise/ vesting date: To	price (£)
Record plc Share Scheme							
04/08/08	170,245	–	(56,749)	113,496	04/08/2010	04/08/2012	£0.00
01/09/08	215,053	–	(71,685)	143,368	01/09/2010	01/09/2012	£0.00
Total options	385,298	–	(128,434)	256,864			
Weighted average exercise price of options	£nil	£nil	£nil	£nil			

The weighted average exercise price of all outstanding options at the beginning of the year was £nil.

During the year shares vested on 4 August 2010 and 1 September 2010; the first anniversary of the respective scheme above. The share price at each vesting date was £0.46 and £0.42 per share respectively.

Date of grant	At 1 April 2010	Granted	Vested	At 31 March 2011	Vesting date: From	Vesting date: To
Record plc Group Bonus Scheme						
20/06/08	57,838	–	(57,838)	–	20/06/2009	20/06/2010
28/11/08	60,472	–	(60,472)	–	28/11/2009	28/11/2010
30/06/09	82,460	–	(34,360)	48,100	30/06/2010	30/06/2011
Total deferred share awards	200,770	–	(152,670)	48,100		

During the year shares vested on 20 June 2010 and 28 November 2010; the final vesting for the first two grant dates listed above. The share price at each vesting date was £0.53 and £0.41 per share respectively. Shares also vested on 30 June 2010; the first anniversary for the final grant date listed above. The share price at vesting date was £0.52 per share.

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

	Ordinary shares held at 2011	2010
Record plc Group Profit Share Scheme		
James Wood-Collins	369,403	190,273
Paul Sheriff *	445,109	231,033
Record plc Share Scheme		
James Wood-Collins	113,496	170,245

* As permitted by the scheme rules, these shares are held in the name of the Director's spouse

There were no performance measures attached to vesting conditions in any of the schemes.

Fair values of share-based compensation plans

The fair value amounts for the options issued since Admission were determined using quoted share prices, which was a fair representation of fair value at the grant date.

22 Capital redemption reserve

The Group has bought in a total of 202,072 ordinary shares of 10p for cancellation. The buy-ins occurred in five tranches, all occurring prior to the share split.

March 2001	66,553 ordinary shares of 10p
April 2004	36,357 ordinary shares of 10p
February 2005	50,000 ordinary shares of 10p
October 2005	24,581 ordinary shares of 10p
December 2005	24,581 ordinary shares of 10p

The cost of the buy-ins was taken directly to retained earnings. The nominal value of the shares was taken to a capital redemption reserve.

23 Non-controlling interest

Neil Record has purchased units in both the Record Currency FTSE FRB10 Index Fund and Record Currency Emerging Market Currency Fund. As at 31 March 2011 the mark to market value of his holding in Record Currency FTSE FRB10 Index Fund was £510,250 (2010: £nil) and the mark to market value of his holding in Record Currency Emerging Market Currency Fund was £442,004 (2010: £nil). Record plc has the majority holding in both funds which are accounted for as current assets held for sale. Neil Record who is the Chairman of Record plc represents the only non-controlling interest (see note 18).

24 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, cash and cash equivalents and investments in seed products. 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 and therefore separate disclosures for the Company have not been included.

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.

Credit risk

Record plc's Risk Management Committee has established a credit risk policy to ensure that it only trades with counterparties that meet requirements consistent with the Group's agreed risk appetite. 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 invests some of its surplus funds in high quality liquid market instruments. Such investments have a maturity no greater than three months. To reduce the risk of counterparty default the Group deposits the rest of its surplus funds in approved high quality banks; the financial institutions involved have high credit ratings assigned by international credit agencies. The Group operates a policy of restricting its exposure to any single bank to a maximum of £10m.

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For the year ended 31 March 2011

continued

24 Financial risk management continued

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

Financial assets at 31 March	2011 £'000	2010 £'000	2009 £'000
Trade receivables	6,264	7,697	7,026
Other receivables	4	33	36
Held for sale financial assets (disposal group)	3,022	940	–
Other financial assets at fair value through profit or loss	–	98	–
Cash and cash equivalents	24,728	21,861	29,798
	34,018	30,629	36,860

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 financial assets by due date:

	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
At 31 March 2011				
Trade receivables	6,264	6,270	–	(6)
At 31 March 2010				
Trade receivables	7,697	7,697	–	–
At 31 March 2009				
Trade receivables	7,026	6,700	326	–

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

Trade receivables are made up of 39 debtors' balances (2010: 44; 2009: 57). The largest individual debtor corresponds to 37% of the total balance (2010: 33%; 2009: 21%). The average age of these debtors, based on the generally accepted calculation of debtor days, is 81 days (2010: 84; 2009: 54) although this ignores the quarterly billing cycle used by the Group for the vast majority of its fees. Historically these debtors have always paid balances when due. 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 meet these 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 16 days (2010: 16 days; 2009: 14 days).

Contractual maturity analysis for financial liabilities:

	Due or due in less than 1 month £'000	Due between 1 to 3 months £'000	Due between 3 months to 1 year £'000
At 31 March 2011			
Trade and other payables	1,223	-	-
At 31 March 2010			
Trade and other payables	2,976	-	-
At 31 March 2009			
Trade and other payables	1,332	-	-

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities used by the Group. Interest bearing assets comprise trade receivables 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.

	Fixed rate £'000	Floating rate £'000	Not directly exposed to interest rate risk £'000	Total £'000
At 31 March 2011				
Financial assets				
Trade and other receivables	-	-	6,268	6,268
Financial assets at fair value	-	-	3,022	3,022
Cash and cash equivalents	23,956	772	-	24,728
Total financial assets	23,956	772	9,290	34,018
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	-	(12)	(12)
Trade and other payables	-	-	(1,223)	(1,223)
Total financial liabilities	-	-	(1,235)	(1,235)
At 31 March 2010				
Financial assets				
Trade and other receivables	-	-	7,730	7,730
Financial assets at fair value	-	-	1,038	1,038
Cash and cash equivalents	19,299	2,562	-	21,861
Total financial assets	19,299	2,562	8,768	30,629
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	-	(149)	(149)
Trade and other payables	-	-	(2,976)	(2,976)
Total financial liabilities	-	-	(3,125)	(3,125)

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24 Financial risk management continued

	Fixed rate £'000	Floating rate £'000	Not directly exposed to interest rate risk £'000	Total £'000
At 31 March 2009				
Financial assets				
Trade and other receivables	–	–	7,062	7,062
Cash and cash equivalents	26,828	2,970	–	29,798
Total financial assets	26,828	2,970	7,062	36,860
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	(13)	(13)
Trade and other payables	–	–	(1,332)	(1,332)
Total financial liabilities	–	–	(1,345)	(1,345)

Interest rate exposure and sensitivity analysis

	Carrying amount £'000	Average interest rate %	If interest rates were 0.5% higher		If interest rates were 0.5% lower	
			Profit for year £'000	Equity £'000	Profit for year £'000	Equity £'000
At 31 March 2011						
Cash and cash equivalents	24,728	0.77	9,015	30,208	8,798	29,991

	Carrying amount £'000	Average interest rate %	If interest rates were 0.5% higher		If interest rates were 0.5% lower	
			Profit for year £'000	Equity £'000	Profit for year £'000	Equity £'000
At 31 March 2010						
Cash and cash equivalents	21,861	0.88	12,035	25,782	11,868	25,614

	Carrying amount £'000	Average interest rate %	If interest rates were 0.5% higher		If interest rates were 0.5% lower	
			Profit for year £'000	Equity £'000	Profit for year £'000	Equity £'000
At 31 March 2009						
Cash and cash equivalents	29,798	3.97	19,368	27,284	19,181	27,097

The average rate is calculated as the weighted average effective interest rate. The tables above show the level of profit and equity after tax if interest rates had been 0.5% higher or lower with all other variables held constant. A sensitivity of 0.5% has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates.

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 exchange contracts to manage the risk relating to future transactions in accordance with the Group's risk management policy. The fair value of the forward contracts at 31 March 2011 was a liability of £12,434 (2010: £148,855; 2009: £12,758). Gains on the forward exchange contracts were £262,849 in the year (2010: gain of £140,466; 2009: loss of £782,627). The future transactions related to the forward exchange contracts are expected to occur within the next three months. Changes in the fair values of forward exchange contracts are recognised directly in profit or loss.

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

In the year ended 31 March 2011, the Group invoiced the following amounts in currencies other than Sterling:

	Local currency value '000	Value in reporting currency £'000
US Dollar (USD)	23,643	15,167
Swiss Franc (CHF)	5,909	3,837
Euro (EUR)	625	396
Canadian Dollar (CAD)	464	389
Total		19,789

The value of revenues for the year ended 31 March 2011 that were denominated in currencies other than Sterling was £19.8 million (70% of total revenues). For the year ended 31 March 2010: £18.7m (56% of total revenues).

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

Foreign currency risk – sensitivity analysis

	Profit for the year		Equity	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
10% weakening in the £/\$ exchange rate	10,406	12,684	31,615	26,432
10% strengthening in the £/\$ exchange rate	7,372	11,353	28,581	25,101
10% weakening in the £/CHF exchange rate	9,273	12,181	30,482	25,929
10% strengthening in the £/CHF exchange rate	8,505	11,765	29,714	25,513
10% weakening in the £/CAD\$ exchange rate	8,929	11,985	30,138	25,733
10% strengthening in the £/CAD\$ exchange rate	8,849	11,925	30,058	25,673
10% weakening in the £/€ exchange rate	8,928	12,005	30,137	25,753
10% strengthening in the £/€ exchange rate	8,850	11,909	30,059	25,657

Sterling/US Dollar exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the average Sterling/USD exchange rate of \$1.559/£ this would result in a weakened exchange rate of \$1.417/£ and a strengthened exchange rate of \$1.732/£. This range is considered reasonable given the historic changes that have been observed.

Sterling/Swiss Franc exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the average Sterling/CHF exchange rate of CHF1.540/£ this would result in a weakened exchange rate of CHF1.400/£ and a strengthened exchange rate of CHF1.711/£. This range is considered reasonable given the historic changes that have been observed.

Sterling/Canadian Dollar exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the average Sterling/CAD exchange rate of CAD\$1.578/£ this would result in a weakened exchange rate of CAD\$1.434/£ and a strengthened exchange rate of CAD\$1.754/£. This range is considered reasonable given the historic changes that have been observed.

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24 Financial risk management continued

Sterling/Euro exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the average Sterling/Euro exchange rate of €1.193/£ this would result in a weakened exchange rate of €1.084/£ and a strengthened exchange rate of €1.325/£. This range is considered reasonable given the historic changes that have been observed.

FTSE FRB10 Index Fund

The Group has seeded a new product, which is a fund that tracks the FTSE Currency FRB10 Index by holding a portfolio of developed market currency deliverable forward exchange contracts. The value of the Group's investment as at 31 March 2011 was £1,485,369. The investment is recognised as an asset held for sale and as such, all gains and losses are recognised through profit or loss. The Group has provided the following data in respect of sensitivity to this index. As the fund started in December 2010, no comparative data is provided.

	Profit for the year ended 31 March 2011 £'000	Total equity as at 31 March 2011 £'000
10% depreciation in the FTSE Currency FRB10 Index	8,640	29,831
10% appreciation in the FTSE Currency FRB10 Index	9,174	30,365

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

Emerging markets currencies

The Group has seeded a new fund, the Record Currency – Emerging Market Currency Fund, which manages a portfolio of emerging market currency deliverable forward exchange contracts and emerging market currency non-deliverable forward exchange contracts in order to achieve a return. The value of the Group's investment as at 31 March 2011 was £1,537,178. The investment is recognised as an asset held for sale and as such, all gains and losses are recognised through profit or loss. The Group has provided the following data in respect of sensitivity to this portfolio. As the fund started in December 2010, no comparative data is provided.

	Profit for the year ended 31 March 2011 £'000	Total equity as at 31 March 2011 £'000
20% depreciation in the Emerging Market portfolio	8,582	29,793
20% appreciation in the Emerging Market portfolio	9,196	30,407

The impact of a change to the portfolio value of 20% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and expectations for future movement in emerging markets.

25 Additional financial instruments disclosures

Financial instruments measured at fair value

IFRS 7 (Improving Disclosures about Financial Instruments), requires the Group to present certain information about financial instruments measured at fair value in the statement of financial position.

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 significant 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:

	Note	2011 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial instruments at fair value through profit or loss					
Forward foreign exchange contracts used for hedging	a	(12)	–	(12)	–
Assets held for sale (disposal group)	b	3,022	–	3,022	–
		3,010	–	3,010	–

	Note	2010 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial instruments at fair value through profit or loss					
Forward foreign exchange contracts used for product trial	a	98	–	98	–
Forward foreign exchange contracts used for hedging	a	(149)	–	(149)	–
Assets held for sale (disposal group)	b	940	–	940	–
		889	–	889	–

There have been no transfers between levels in the reporting period (2010: none).

Basis for classification of financial instruments within the fair value hierarchy

(a) Forward foreign exchange contracts

Forward foreign exchange contracts are classified as level 2. Although these instruments are traded on an active market, the fair value of forward foreign exchange contracts is established using interpolation of observable market data rather than from a quoted price. All forward foreign exchange contracts are strictly short term in duration.

(b) Held for sale investments

Record plc has invested in two new funds, the Record Currency FTSE FRB10 Index Fund which is priced daily and the Record Currency Emerging Market Currency Fund which is priced fortnightly. However, the funds are not actively traded and, according to the Directors' interpretation of the standard, the investments in the funds are most appropriately categorised as level 2.

Classes and fair value of financial instruments

	2011		2010		2009	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Financial assets						
Assets held for sale	3,022	3,022	940	940	–	–
Derivative financial instruments at fair value through profit or loss	–	–	98	98	–	–
Cash and cash equivalents	24,728	24,728	21,861	21,861	29,798	29,798

	2011		2010		2009	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Financial liabilities						
Derivative financial instruments at fair value through profit or loss	12	12	149	149	13	13

It is the Directors' opinion that the carrying value of trade receivables and trade payables approximates to their fair value.

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25 Additional financial instruments disclosures continued

Categories of financial instrument

	Note	Loans and receivables £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Derivatives used for hedging £'000	Held for sale £'000
At 31 March 2011						
Disposal group	18	–	–	–	–	3,022
Trade and other receivables (excludes prepayments)	15	6,268	–	–	–	–
Cash and cash equivalents	17	24,728	–	–	–	–
Other financial instruments at fair value through profit or loss	19	–	–	–	(12)	–
Current trade and other payables	19	–	(3,060)	–	–	–
		30,996	(3,060)	–	(12)	3,022

	Note	Loans and receivables £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Derivatives used for hedging £'000	Held for sale £'000
At 31 March 2010						
Disposal group	18	–	–	–	–	940
Trade and other receivables (excludes prepayments)	15	7,730	–	–	–	–
Cash and cash equivalents	17	21,861	–	–	–	–
Other financial instruments at fair value through profit or loss	16, 19	–	–	98	(149)	–
Current trade and other payables	19	–	(5,360)	–	–	–
		29,591	(5,360)	98	(149)	940

	Note	Loans and receivables £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Derivatives used for hedging £'000	Held for sale £'000
At 31 March 2009						
Trade and other receivables (excludes prepayments)	15	7,062	–	–	–	–
Cash and cash equivalents	17	29,798	–	–	–	–
Other financial instruments at fair value through profit or loss	19	–	–	–	(13)	–
Current trade and other payables	19	–	(5,106)	–	–	–
		36,860	(5,106)	–	(13)	–

26 Contingent liabilities

The Company, together with its subsidiary undertakings, had given a cross guarantee in respect of certain indebtedness of the Group. The amount of such indebtedness at 31 March 2011 was £nil (2010: £nil). The cross guarantee was released on 30 March 2010.

27 Operating lease commitments

On 25 January 2006, the Group signed a lease on new premises at Morgan House, Madeira Walk, Windsor, Berkshire. This lease expires on 19 June 2016. The annual commitment under this lease is £229,710 (2010: £229,710). The Group has retained its lease on the premises at 32 Peascod Street, Windsor, Berkshire which has a commitment of £86,000 per annum (2010: £86,000). Those premises have been sublet at the same rate from May 2006 and the lease expires in December 2011.

At 31 March 2011 the Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	2011 £'000	2010 £'000	2009 £'000
Not later than one year	237	277	316
Later than one year and not later than five years	919	926	342
Later than five years	57	287	–
	1,213	1,490	658

The total of future minimum sublease payments expected to be received under non-cancellable subleases at the reporting dates:

	2011 £'000	2010 £'000	2009 £'000
Not later than one year	65	86	86
Later than one year and not later than five years	–	65	151
	65	151	237

28 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.

	2011 £'000	2010 £'000
Amounts due from subsidiaries	–	–
Amounts due to subsidiaries	10	47
Net dividends received from subsidiaries	5,723	13,615

Transactions with Record Currency Fund – Carry 250

Record plc, together with Neil Record (who is a Director of Record plc and is therefore a related party) held all the issued units in the Record Currency Fund – Carry 250. Consequently Record plc exerted a controlling interest over the Record Currency Fund – Carry 250 and it was therefore considered to be a related party to Record plc and its subsidiaries as at 31 March 2010. Record plc's initial investment was £1,000,000, the fair value of this investment as at 31 March 2011 was nil (2010: £940,337). Details of transactions between the Company and Record Currency Fund – Carry 250 are shown below:

	2011 £'000	2010 £'000
Investment in Record Currency Fund – Carry 250 at cost	–	1,000

Amounts owed to and by related parties are unsecured, interest-free and have no fixed terms of repayment. The balances will be settled in cash. No guarantees have been given or received. No provisions for doubtful debts have been raised against amounts outstanding, and no expense has been recognised during the period in respect of bad or doubtful debts due from related parties.

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28 Related parties transactions continued

Transactions with Record Currency – FTSE FRB10 Index Fund

Record plc, together with Neil Record who is a related party, hold all the issued units in the Record Currency – FTSE FRB10 Index Fund. As Record plc therefore exerts a significant influence over the Record Currency – FTSE FRB10 Index Fund, it is considered to be a related party to Record plc and its subsidiaries. Details of transactions between the Company and Record Currency – FTSE FRB10 Index Fund are shown below:

	2011 £'000	2010 £'000
Investment in Record Currency – FTSE FRB10 Index Fund	1,004	–

Transactions with Record Currency – Emerging Market Currency Fund

Record plc, together with Neil Record who is a related party, hold all the issued units in the Record Currency – Emerging Market Currency Fund. As Record plc therefore exerts a significant influence over the Record Currency – Emerging Market Currency Fund, it is considered to be a related party to Record plc and its subsidiaries. Details of transactions between the Company and Record Currency – Emerging Market Currency Fund are shown below:

	2011 £'000	2010 £'000
Investment in Record Currency – Emerging Market Currency Fund	1,000	–

Group

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

The compensation given to key management personnel is as follows:

	2011 £'000	2010 £'000
Short-term employee benefits	4,953	5,866
Post-employment benefits	296	325
Share-based payments	1,654	2,171
Dividends	2,907	7,669
	9,810	16,031

Directors' remuneration

	2011 £'000	2010 £'000
Aggregate emoluments of the Directors		
Emoluments (excluding pension contribution)	3,463	3,754
Pension contribution	126	150

During the year, four Directors of the Company (2010: five) participated in the Group's Personal Pension Plan, a defined contribution scheme.

29 Ultimate controlling party

As at 31 March 2011 the Company had no ultimate controlling party, nor at 31 March 2010.

30 Capital management

The Company's objectives when managing capital are (i) to safeguard the Company's ability to continue as a going concern, and (ii) to provide an adequate return to its shareholders.

The Company sets the amount of capital in proportion to risk. The Company 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. The Company had no debt in the current or prior financial year and consequently does not calculate a debt-to-adjusted capital ratio.

31 Post reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation. However, in March 2011, Record renegotiated the fees on our largest Dynamic Hedging mandate resulting in a reduced fee scale being applied from 1 April 2011 (more details are provided on page 24).

Five year summary

Year ended 31 March	2007 £'000	2008 £'000	2009 £'000	2010 £'000	2011 £'000
Management fees	21,497	43,987	45,561	33,244	28,139
Performance fees	13,603	22,160	1,436	224	–
Other revenue	144	82	(201)	(44)	57
Revenue	35,244	66,229	46,796	33,424	28,196
Cost of sales	(177)	(296)	(11)	–	(102)
Gross profit	35,067	65,933	46,785	33,424	28,094
Operating expenses	(15,692)	(25,374)	(20,928)	(17,032)	(15,741)
Operating profit	19,375	40,559	25,857	16,392	12,353
IPO	–	(1,293)	–	–	–
Profit before interest and taxation	19,375	39,266	25,857	16,392	12,353
Net interest	271	1,127	912	220	184
Profit before taxation	19,646	40,393	26,769	16,612	12,537
Taxation	(5,501)	(12,480)	(7,494)	(4,707)	(3,603)
Profit after taxation	14,145	27,913	19,275	11,905	8,934
Total comprehensive income for the year attributable to owners of the parent	14,145	27,913	19,275	11,905	8,907
Basic EPS (pence)	6.67	12.65	8.73	5.39	4.03

EPS is calculated on the basis that the share holdings from 1 April 2006 onwards reflect the number of shares that would have been held if the share split had been applied to both ordinary shares and 'A' ordinary shares prior to 31 March 2006.

Record plc

Registered in England and Wales
Company No. 1927640

Registered office

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Windsor
Berkshire
SL4 1EP
United Kingdom
Tel: +44 (0)1753 852 222
Fax: +44 (0)1753 852 224

Principal UK trading subsidiaries

Record Currency Management Limited
Registered in England and Wales
Company No. 1710736

Record Group Services Limited
Registered in England and Wales
Company No. 1927639

Further information on Record plc can be found on the Group's website: www.recordcm.com

Dates for 2011 dividend

Ex-dividend date	22 June 2011
Record date	24 June 2011
Annual General Meeting	28 July 2011
Final dividend payment date	3 August 2011

Registrar

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Further information about the Registrar is available on their website www.capitaregistrars.com

Definitions

'Admission'	Admission to the Official List of and to trading on the London Stock Exchange's main market for listed securities
'Articles'	The articles of association of the Company
'AuME'	Assets under management equivalents
'bps'	Basis point = 100th of a per cent
'Board'	Company's Board of Directors
'Companies Acts'	Every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the Company
'Company'	Record plc
'\$' or 'Dollars'	All references to Dollars or \$ symbol are to the currency of the US unless stated otherwise
'EBIT'	Earnings before interest and taxation
'EPS'	Earnings per share
'EU'	European Union
'Group' or 'Record'	The Company and/or any one of its subsidiary undertakings
'IAS'	International Accounting Standards
'IFRS' or 'IFRSs'	International Financial Reporting Standards
'IPO'	Initial Public Offering
'London Stock Exchange'	London Stock Exchange plc
'Official List'	The official list of the Financial Services Authority
'ROW'	Rest of the world
'Underwriting Agreement'	The underwriting agreement made between, inter alia, the Company and JPMorgan Cazenove Limited dated 28 November 2007
'US'	United States of America

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