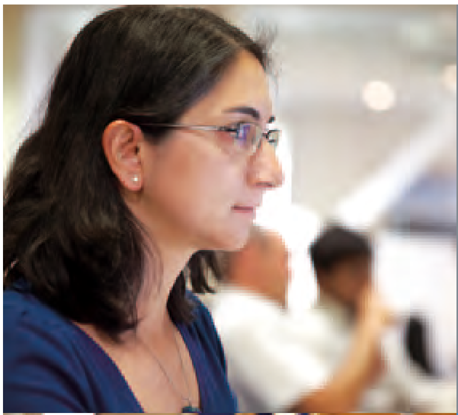
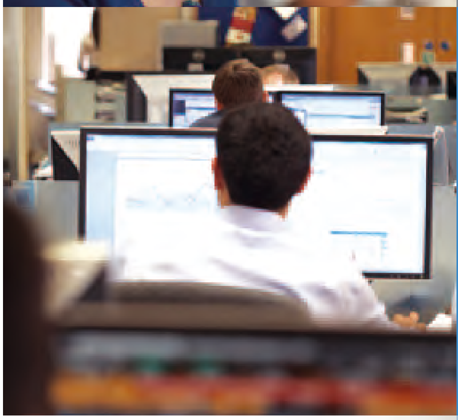
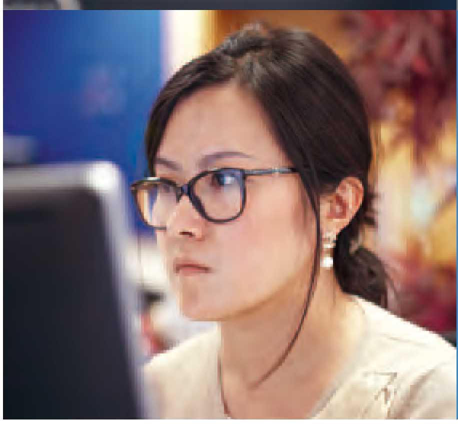






RECORD

Annual Report 2015

Record plc

About us

Record is an independent currency manager with over 30 years' experience in delivering currency solutions. Everything we do is for our clients – we have no proprietary business.

Our clients are largely institutions, including pension funds, charities, foundations, endowments, and family offices, as well as other fund managers and corporate clients.

We are based in Windsor, in the UK, and have been since our formation in 1983. Record has always been an independent currency specialist, and has always focused on developing a deep understanding of the risk and reward opportunities in currency markets, so as to offer our clients the most appropriate solution to their needs.

Our clients benefit from our experience, and from the continuity and consistency with which we apply that experience. We also attach importance to continuity of leadership and management. Record plc is listed on the Main Market of the London Stock Exchange, and majority-owned by its Directors and employees.

Experience

Specialists in currency with over 30 years' experience operating in currency markets

Integrity

A culture of integrity and accountability is embedded throughout our governance structure

Client relationships

We aim to build long-term "trusted advisor" relationships with clients to understand fully their currency issues and to provide robust and high-quality solutions

visit us online
www.recordcm.com

linkedin.com/company/record-currency-management

twitter.com/RecordCurrency

Highlights

Assets Under Management Equivalents ("AUME")

$55.4bn

2014: $51.9bn

Clients

55

2014: 48

Revenue

£21.1m

2014: £19.9m

Profit before tax

£7.7m

2014: £6.5m

Earnings per share

2.66p

2014: 2.48p

Dividend per share

1.65p

2014: 1.50p

Contents

Chairman's statement

"In line with the improved performance of the Group, the Board is increasing the total dividend for the year by 10% to 1.65 pence per share."

Neil Record
Chairman

Overview

This year has been one of elevated currency volatility, both at very short horizons, and in longer-term trends. This is in contrast to the previous three or four years, where currency volatility had been low by historical standards, and very low compared to the years 2008 and 2009 when the Global Financial Crisis spilled over to the currency markets.

Looking at shorter horizons, the abandonment on 15 January 2015 of the Swiss Central Bank policy of capping the Swiss Franc's value against the Euro resulted in the largest recorded one-day movement (18%) of a major currency pair since the advent of floating currencies in 1972.

At longer horizons, the US Dollar's rise against the Euro was also large by recent standards (at 28% between 31 March 2014 and 31 March 2015).

Such market factors have only served to increase the focus as we engage with clients, potential clients and investment consultants on currency-related issues which, as would be expected, has resulted in a more supportive environment for Record's products and services across a broad range of clients and currency issues. Consequently, it is pleasing to note a second consecutive year of growth in AUME, client numbers, revenue, profits and earnings.

Financial highlights

AUME increased to $55.4 billion (2014: $51.9 billion) including net inflows of $2.9 billion over the year. The shift in product mix from Dynamic Hedging to lower-margin Passive Hedging over the last few years has slowed considerably, with outflows in Dynamic Hedging of $2.3 billion over the year being matched by inflows to Currency for Return of $2.3 billion and further inflows to Passive Hedging of $2.9 billion. Client numbers increased during the year by 7, ending the year at 55 clients (2014: 48 clients).

Total revenues grew 6% to £21.1 million (2014: £19.9 million) due to growth in both existing client mandates during the year and, more latterly, by new client wins further bolstered by Record's first performance fee for five years of £0.5 million. It should be noted that the majority of the growth in AUME and client numbers occurred in the latter part of the year, so the full year benefit of these movements will only be seen in the current financial year. The doubling in our Currency for Return AUME to $4.8 billion (2014: $2.4 billion) includes our second segregated Multi-Strategy mandate and the launch of a new pooled fund implementing the Multi-Strategy programme. These flows, in conjunction with the further inflows to Passive Hedging mentioned above, underline the strength of our product suite and increased diversity across Record's client base by objectives and geography.

This growth in revenues and consistent cost control has resulted in an increase in operating margin to 36% (2014: 32%), an increase in profit before tax of 18% to £7.7 million (2014: £6.5 million), achieving an increase in basic earnings per share of 7% to 2.66 pence (2014: 2.48 pence).

Highlights

AUME $55.4bn (+7%)
Client numbers 55 (+15%)
Revenues £21.1m (+6%)
Profit before tax £7.7m (+18%)
Basic eps 2.66p (+7%)
Dividend per share 1.65p (+10%)

Dividend

Our dividend policy has been both consistent and transparent with a view to achieving a level of dividend which is at least covered by earnings and which allows for sustainable dividend growth by the business in line with the trend in profitability. The dividend has been maintained at 1.50 pence per share for the last three years.

In line with the improved performance of the Group, the Board is increasing the total dividend by 10%, recommending a final dividend of 0.90 pence per share and taking the total dividend in respect of the year ended 31 March 2015 to 1.65 pence per share. Subject to shareholders' approval, the dividend will be payable on 29 July 2015 to shareholders on the register at 26 June 2015.

For the current financial year, the Board's expectation, subject to business conditions, is to maintain the total dividend at 1.65 pence per share, which the Board would expect to be payable equally in respect of an interim and a final dividend. However, in setting the interim and final dividends the Board will be mindful of setting a level of dividend payments which it expects to be at least covered by earnings and which allows for future sustainable dividend growth by the business in line with the trend in profitability, such that the total dividend may be more or less than 1.65 pence per share.

Group strategy

The Group's strategy remains focused on building long-term, sustainable growth of the business through excellent client service and relationships. With this in mind, over recent years the business has focused on recruiting high-quality people, investing in systems and infrastructure and producing a diversified product suite.

The result is that the Group now has a more diversified spread of clients and a product suite developed to offer opportunities for assisting clients with currency issues irrespective of their primary objective or where the market stands within the current economic cycle. Over recent years, the focus on building a strong base of Passive Hedging clients during a period of low volatility and risk sentiment whilst developing a suite of Currency for Return products has borne fruit – Passive Hedging now accounts for 74% of AUME (2014: 73%) and, despite lower revenue margins, represents a strong and stable revenue stream.

In addition, heightened currency volatility has resulted in increased opportunities for our Currency for Return products at higher revenue margins, culminating in two new mandates for our Multi-Strategy product plus inflows from an existing client into a bespoke mandate of a more tactical nature – all evidence of our ability to offer flexibility of approach to meet changing client demands during fluctuating market conditions.

The Board

There have been no changes to the Board composition during the year. However, the Board is cognisant of the fact that two of the current three independent directors, Cees Schrauwers and Andrew Sykes, will no longer be deemed independent from November 2016, having joined Record just prior to IPO in December 2007. With a view to enabling a smooth transition and handover period, a process is underway to identify and recruit replacement independent directors, and further information is given in this respect in the Nomination Committee report on page 42. Further announcements will be made in due course.

Outlook

With divergence in monetary policies and geopolitical and economic uncertainty seemingly set to continue for the foreseeable future contributing to renewed and sometimes heightened volatility in currency markets, we would expect the increased focus on currency-related issues to be maintained. This view is reinforced by the current high level of engagement with potential clients and investment consultants across a broad range of currency issues. The pace and extent to which this engagement translates into new business opportunities is necessarily uncertain. However, the Group is well placed to take advantage of such opportunities as they arise by servicing clients' needs to the highest possible standards and in doing so generating long-term sustainable growth for shareholders.

On behalf of the Board, I would like to take this opportunity to thank everyone at Record for their hard work during the year and for helping to deliver the second consecutive year of growth for the Group.

Neil Record
Chairman
15 June 2015

Chief Executive Officer's statement

> A second successive year of growth in client numbers, AUME, revenues and profits confirms the Group's strategy of offering a wide range of diversified solutions to clients' objectives.

James Wood-Collins
Chief Executive Officer

Record's second successive year of growth can be credited to gains in both hedging and return-seeking strategies, the rate of which has accelerated throughout the year to culminate in substantial inflows in the final quarter.

The benefits of these inflows in the form of revenues and profits are expected to be seen fully in the current financial year. The increasingly divergent and volatile market environment offers opportunities for our strategies to perform well, and diversification of Record's clients as well as within strategies should protect the Group from any one event or environment.

Market overview

The twelve months to 31 March 2015 have been characterised in FX markets by two themes in particular: the continued expectation of monetary policy divergence; and the re-emergence of volatility.

Amongst major developed market central banks, the US Federal Reserve stopped its asset purchase programme in October 2014, and is widely expected to increase interest rates in 2015. As a result the US Dollar strengthened markedly over the year, particularly in the last quarter against the Euro. Euro weakness in turn can be attributed to the European Central Bank launching its own asset purchase programme, confirming it at the opposite end of the "loosening vs. tightening" spectrum to the Federal Reserve. The Bank of England is perceived to be on the path towards rate tightening, although declining UK inflation has caused the market's expectation of the timing of rate rises to be extended. The Bank of Japan has also maintained, and during the year sought to accelerate, its loose monetary policy. The most dramatic example of loosening came from the Swiss National Bank, which announced a further reduction to negative interest rates, in conjunction with dropping the cap on the value of the Swiss Franc against the Euro. This unexpected event caused the Swiss Franc to strengthen dramatically, in the largest one-day movement ever seen in a major developed market currency pair.

Investment performance

In this environment Record's strategies performed as expected. Passive Hedging should have no unpredictable investment outcomes, and in particular the hedging programmes for our Swiss clients all performed as expected in the aftermath of the Swiss National Bank's announcement. All of our clients had chosen to retain their hedges on Euro-denominated assets, precisely to protect against such an announcement and its consequences.

Dynamic Hedging programmes also performed as expected. US-based clients experienced modest underperformance in the first quarter as the US Dollar broadly weakened, followed by three successive quarters of increasing outperformance, offsetting a large part of the clients' underlying losses on depreciating foreign currencies. UK-based clients saw mixed performance over the year, with hedging gains and losses broadly tracking the path of Sterling.

Currency for Return strategies largely performed positively over the year, with each of the Emerging Market, Momentum, Value and Multi-Strategy programmes generating positive returns. Forward Rate Bias ("FRB") strategies, both the Active FRB and the index-tracking FTSE Currency FRB10 strategy, generated negative returns, largely attributable to the dramatic appreciation of the Swiss Franc in January. The FRB10 strategy outperformed Active FRB over the year, leading the standard Multi-Strategy product as implemented in two mandates launched in the last quarter of the year to outperform modestly that implemented in the first Multi-Strategy mandate, now approaching its third anniversary.

Asset flows and financial performance

AUME grew by 7% over the financial year to $55.4 billion. This was achieved through new clients and increases to existing mandates, resulting in net inflows of $2.9 billion, notwithstanding the termination of a Dynamic Hedging mandate at the start of the year, and some reductions in other Dynamic Hedging mandates attributable to clients taking profits. External factors (i.e. equity and other market movements and the impact of exchange rates over the period) also contributed $0.6 billion.

Modest shifts in product mix towards lower-margin Passive Hedging, and the inflows into higher-margin Currency for Return strategies taking place towards the end of the year, meant that underlying[1] revenues increased more modestly, by 3% to £20.9 million. Continued discipline on costs allowed the Group to improve its underlying operating margin to 35%, leading to growth in underlying operating profit before tax of 7% to £7.3 million, and in basic earnings per share of 7% to 2.66p.

The tactical bespoke mandate which recently received inflows of $1.75 billion (as announced on 13 March 2015) remains substantially unchanged as at the date of this report.

Strategic progress

Record's strategic progress over the year can be measured against each of the objectives set out on pages 6 and 7.

Client relationships – we have grown client numbers, and of equal importance, we have grown our mandates with existing clients. This has been achieved through our long-standing approach of building trusted relationships with clients and their advisers, in particular investment consultants. Building these relationships, and then robustly and reliably implementing clients' individual mandates, requires highly-experienced, skilled and professional teams in all areas of the firm, which in turn puts pressure on remuneration and on scalability.

Innovation – enhancement of existing products is a constant feature at Record, driven by clients' needs and market opportunities. During the year the dramatic change in the Swiss Franc interest rate environment has created such needs, to which Record has responded through increased flexibility in our Passive Hedging. No new strategies were launched during the year, as the Group focused on monetising the research commitment made in particular to the Multi-Strategy product, but research has continued into further extending and enhancing this product.

People – we have continued to attract, retain and develop high-quality people. This starts with intern programmes, which at Record are remunerated on the same scale as graduate hires, continues through graduate and early-stage career hires, and is then focused on internal development and retention. Mid-career lateral hires tend to be less frequent, given the highly-specialised nature of the Group's work. We have largely succeeded in retaining key staff in a highly competitive employment market. The trend towards higher fixed remuneration in financial services in general and banking in particular is something that the Group has had to recognise. We have chosen to do so in a way that reflects the contribution of every part of the firm to our clients' outcomes, by a one-off firm-wide salary increase of 10%, with effect from 1 May 2015, outside the normal salary review round.

Growth – we have achieved growth in client numbers and in AUME. Growth in revenues and in underlying profit before tax also reflects shifts in product mix and the timing of inflows into higher-margin products. This growth has been accompanied by further diversification, in both investment strategy with inflows into Multi-Strategy and other Currency for Return products, and in structure with the launch by a third party of a UCITS-compliant fund implementing the Multi-Strategy programme, to which Record is the investment adviser. We continue to focus on growth from our core markets of North America, continental Europe and in particular Switzerland, and the United Kingdom while exploring potential new markets such as Australia.

Risk management – we have continued to develop and invest in systems, people and processes to manage the operational risk that we assume from clients. During the year we have pursued a project to strengthen the systems through which we implement the wider diversity and greater volume of Hedging mandates we now manage.

Profitability – the Group's profitability has strengthened with an underlying operating margin of 35%. Whilst our Hedging mandates are bespoke to each client and so offer fewer economies of scale than pooled funds, the more supportive environment for Currency for Return strategies may allow some shift of product mix back to those offering higher fees.

Outlook

The market backdrop of increasingly divergent interest rates and rising volatility provides a more supportive environment for our strategies than has been the case for many years.

In longer-established markets such as the UK and Switzerland, the Group will continue to pursue gaining market share in established strategies such as Passive Hedging through a determined focus on better implementation and cost management for clients. In other areas, whether currency management in general in the United States, or return-seeking strategies in much of the world, the Group will seek both to stimulate and to respond to demand from clients as it emerges.

In all cases Record's management is very aware of the benefits of diversification within and across our strategies, and management and staff remain wholly focused on managing programmes to meet our clients' best interests, and growing the business to create value for shareholders.

James Wood-Collins
Chief Executive Officer
15 June 2015

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

Strategy and objectives

We are a specialist currency manager.

Our goals are achieved by:	Benefits:	Risks:
Client relationships Building strong, long-term "trusted advisor" relationships with our clients	• Understanding our clients' needs and concerns fully helps us to develop effective solutions and identify new business opportunities • Good relationships lead to client longevity and support for new ideas	• Underperforming products or products failing to meet client objectives lead to risk of client loss • Change of clients' or Record's personnel can put relationships at risk
Innovation Devising and implementing new products and strategies Enhancing existing products and strategies	• Bespoke solutions meet unique client requirements and differentiate Record from our competitors • Innovative solutions enhance premium brand and reputation and resist fee erosion • Enhances product diversification of our business	• Bespoke solutions may be less scalable than standard products • New products are susceptible to changes in market sentiment (i.e. risk-on vs risk-off) or other factors such as volatility
People Attracting, developing and retaining high-quality people	• Ensures high quality and continuity of products and service to clients • Talent retention key to long-term success of business • Succession planning enhanced through internal candidates	• Buoyant market leads to attractive alternative opportunities • Entrepreneurial individuals may wish to broaden their experience elsewhere
Growth Growing AUME	• Fundamental to creating long-term shareholder value • Enhances reputation and stability of organisation • Leads to increase in revenue streams • Supports development of business and talent	• Lower margin mandates decrease overall profitability • Business scalability can be affected by AUME type
Risk management Maintaining a robust operational model	• Reinforces client confidence and trust • Minimises cost of errors and complaints	• Increasing costs of infrastructure, people, and processes
Profitability Operating a scalable and profitable business model	• Fundamental to creating long-term shareholder value • Enhances liquidity in shares • Assists attraction and retention of talent	• Profitability sensitive to size and concentration of client base • Market competition may lead to reduced margins • Business scalability can be affected by AUME type

Our goals are to meet client demand for robust and innovative currency solutions and, in doing so, to create shareholder value for our investors over the long term.

Measurable by:	Progress made in year:	Expectations for FY16:
• Number of clients • Management fees	**KPI: Client numbers** **55** +15% **Management fees** **£20.3m** +0.0%	• Market factors (such as continued geopolitical and economic uncertainty and volatility) stimulating further interest in currency issues for clients, potential clients and investment consultants
• Growth in seeded funds through external investment • New business or clients won for bespoke mandates or new strategies	• Further net inflows of $49 million into FRB10 fund from external investors during the year • New clients in Multi-Strategy product during the year	• Further enhancement to strategies across the whole suite of products
• Employee retention rates • Average number of employees	**Staff retention** **89%** (2014: 91%) **Average number of employees during the year** **68** (2014: 66)	• Focus on selective recruitment and retention to continue • Identify and recruit two new independent directors
• AUME movement in year	**KPI: AUME** **$55.4bn** +7%	• Continued monetary policy divergence and increased volatility providing a more supportive environment for both hedging and return-seeking strategies
• Investment in systems • Formal complaints	• Commenced project to develop middle office data management systems • Complaints: none (2014: none)	• Continued investment in developing and upgrading core systems • Project to strengthen systems through which wider diversity and volume of hedging mandates passes • Further projects to address forthcoming regulatory changes e.g. MiFID II
• Underlying operating profit margin • Basic EPS	**KPI: Underlying operating profit margin** **35%** +2% **KPI: Basic EPS** **2.66p** +7%	• Competitive pressures across our market may result in reduced margins • Increase in salary costs in May 2015 driven by market forces in financial services will effect profitability

Key Performance Indicators

Measuring our success against our strategy.

Indicator:	
AUME	We aim to grow AUME by building long-term relationships with clients and developing new products resulting in net inflows to AUME
Client numbers	Client numbers represents the number of separate legal entities that have invested in a Record fund or appointed Record directly as an investment manager
Average management fee rates	The Group aims to provide a premium level of service and expertise in exchange for a fair level of remuneration
Underlying operating profit margin[1]	The Group aims to increase operating profit margin through firm cost control whilst building profitable revenue streams
Basic earnings per share (EPS)	The Group's objective is to create shareholder value over the long term, reflected in consistent growth in EPS

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

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

How we performed this year:

- The AUME reached $55.4 billion at the year end, the highest closing level of AUME for seven years. Net AUME inflows for the year were $2.9 billion

- Client numbers at the end of the year reached a five year high of 55

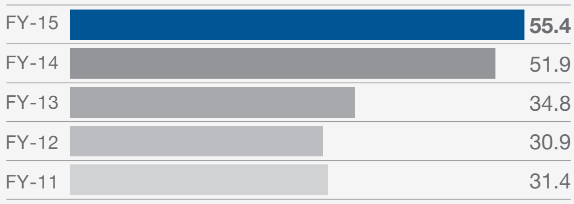
- Fee rates for Dynamic Hedging fell year on year due to the full impact of the fee reductions implemented in the previous financial year whilst fee rates on Passive Hedging mandates were maintained. Average Currency for Return fee rates fell due to inflows into mandates with tiered fee scales decreasing the overall average fee rate

- Underlying operating profit margin increased from 33% to 35%

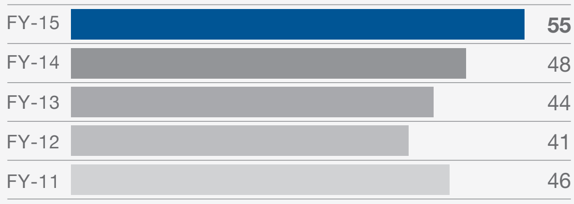
- EPS increased by 7% due to increased revenues and continued cost control during the year

Performance history:

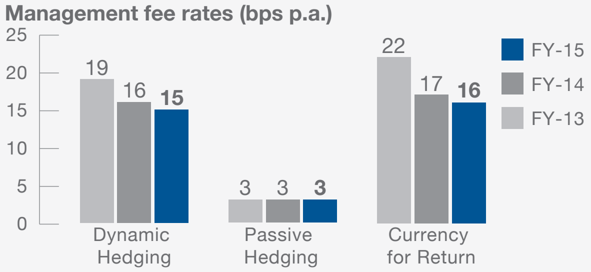
AUME ($ billion)



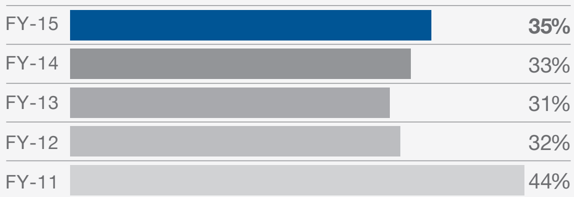
Client numbers



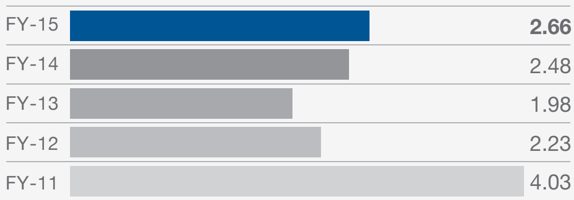
Management fee rates (bps p.a.)



Underlying operating profit margin (%)



EPS (pence per share)



Business model
Who we are

The Group was founded over 30 years ago, and over this time has developed a leading position in managing currency for institutional clients.

Strategic goals

We are a specialist currency manager. Our goals are to develop robust currency solutions that meet client demand and, in doing so, to create shareholder value for our investors over the long term.

Over the 30-plus years since being established, the Group's business model has focused fundamentally on the individual requirements of each of our clients. Consequently, the Group operates Hedging mandates and unfunded Currency for Return mandates as bespoke, segregated mandates, managing each client's unique characteristics through operational systems built robustly and efficiently to manage exposures and to minimise operational risk. These strong operational capabilities are supplemented by a team of highly experienced personnel within the investment, client services and support teams.

By building trusted advisor relationships with each client, we can fully understand their currency-related issues and implement robust and high-quality solutions.

Clients
Deep understanding of clients' needs

Products	Infrastructure	People
See What we do page 12	See Our infrastructure page 15	See Our people page 15
Currency specialist	Risk management	Governance culture
See Our market page 11	See Risk Management page 27	See our Corporate governance report page 36

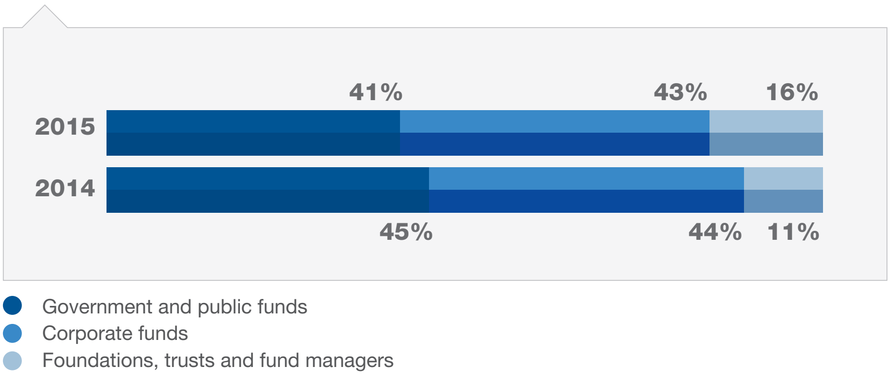
The Group has long and appealing track records for its Dynamic and Passive Hedging products and is developing a supportive track record for its Currency Multi-Strategy return-seeking product. It has established itself both in the eyes of clients and their investment consultants as a respected specialist in this sector.

Our clients

Client relationships are the keystone to our success. Only by building strong, long-term "trusted advisor" relationships with our clients can we fully understand their currency issues and develop effective solutions for their currency requirements.

We provide currency hedging and return-seeking services to institutional clients including public Defined Benefit (DB) pension schemes, corporate DB pension schemes, corporations, foundations and trusts as well as other fund managers.

AUME by client type
31 March

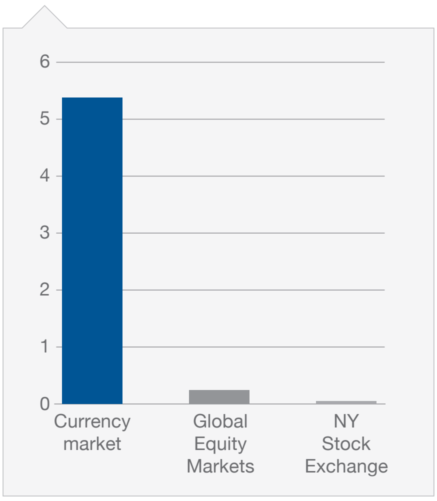


Our market

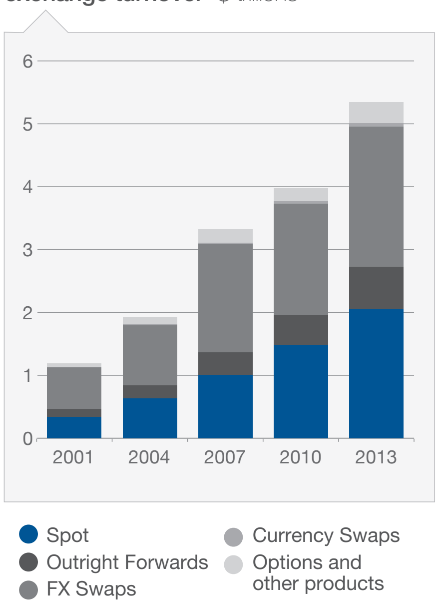
The currency market represents the biggest and most liquid market available with exceptionally low transaction costs and daily FX volumes averaging $5.3 trillion per day. The FX market is essential to global trade and finance and includes a high proportion of not-for-profit or forced participants, resulting in profit-seeking financial institutions continuing to represent a minority of FX market participants. Consequently, the market displays persistent patterns of behaviour or inefficiencies which Record believes are best exploited by quantitative, systematic processes.

The FX market continues to grow in size and liquidity, and to offer opportunities for investors. Record's expertise is in identifying and understanding these opportunities and then educating clients on how such opportunities may be used to their best advantage taking account of each client's individual circumstances and attitude to risk.

Daily trading volume[1]
$ trillions



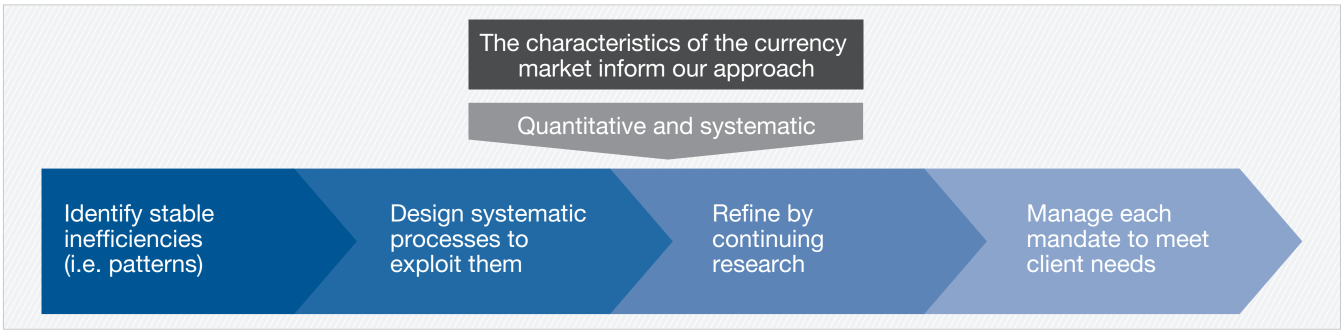
Average total daily volume of foreign exchange turnover[2] $ trillions



1 Source: Record, BIS Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity (September 2013), Bloomberg, WFE, NYSE. Please note: WFE Global Equity trading volume numbers do not include non-member statistics. Non-member statistics are available under queries at http://www.world-exchanges.org/statistics/monthly-query-tool
2 Source: BIS Triennial Central Bank Survey – 'Foreign exchange turnover in April: preliminary global results', September 2013.

Business model continued
What we do

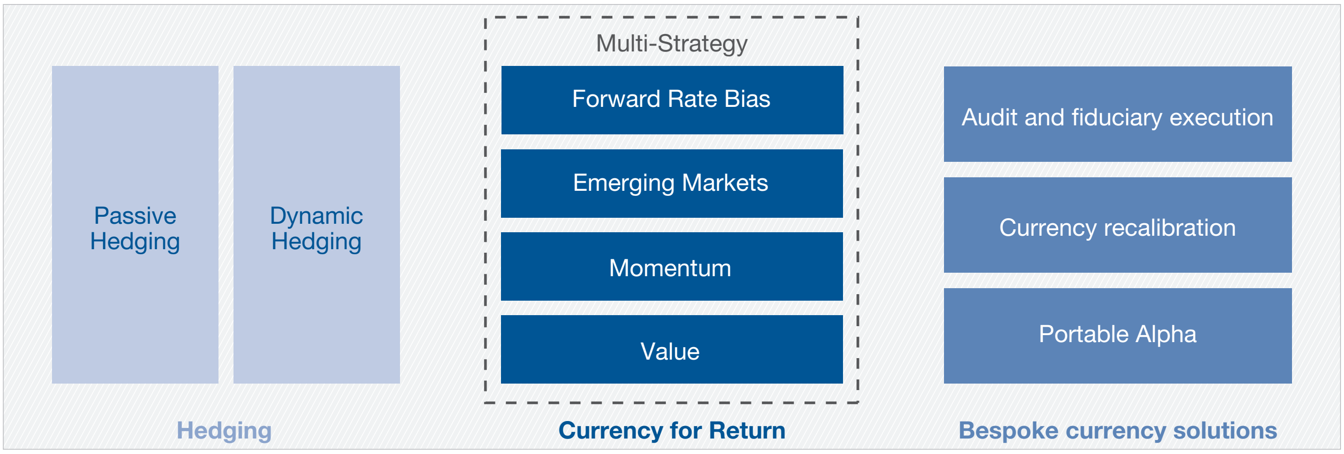
We have a fundamental understanding of how currency markets operate. Our approach is to listen to clients and to understand their currency issues in order to advise them on the best solution. Clients invested in international assets are exposed inherently to the risk of currency rate fluctuations, which can be managed using currency hedging. Alternatively, clients may look to take on additional currency risk in the expectation of returns, and in some cases clients may be interested in both risk reduction and value-added opportunities, which can be offered through a mix of hedging and currency for return strategies. Investing in currency strategies has the advantage of offering diversification of returns compared to more standardised asset classes.



Our products and services

The Group's suite of core products is split into two main categories: Currency Hedging (based on risk reduction) and Currency for Return products. We also offer bespoke solutions tailored to individual client requirements.

Currency Hedging mandates are primarily risk-reducing in nature. The suite of Hedging products comprises Passive Hedging and Dynamic Hedging.



Currency for Return mandates are return-seeking in nature. The range includes five Currency for Return strategies being Active Forward Rate Bias ("FRB"), FRB Index, Emerging Market, Momentum and Value and these strategies can be offered in either a segregated or pooled fund structure. Additionally, Record is able to offer combinations of these strategies under a Multi-Strategy approach that seeks to vary the allocation to these strategies either on a fixed basis or according to market conditions.

Currency Hedging:
AUME $50.4 billion

Our hedging products are predominantly systematic in nature. Record has the experience and expertise to deliver tailored hedging programmes to suit the currency needs of our clients. The effectiveness of each client mandate is assessed regularly and adjustments are made when necessary in order to respond to changing market conditions. We continue to enhance our product offerings, so that they maintain their premium product status. In a competitive market place, our ability to differentiate our Hedging products is key to maintaining and to growing our market share further.

Passive Hedging:
AUME $41.2 billion

Passive Hedging mandates have the reduction of exposure to currency risk as their sole objective by the symmetrical and unbiased elimination of currency volatility from clients' international portfolios. They require execution and operational expertise rather than investment judgement or skill and are designed to minimise transaction costs and make resultant cash flows easier to manage. Furthermore, our experience enables us to tailor each client's mandate to suit their particular needs – for example in managing bank counterparty exposure, in offering independent trading relationships and in managing the inherently high operational risk associated with such mandates.

Dynamic Hedging: AUME $9.2 billion

Record's Dynamic Hedging product is an attractive alternative to Passive Hedging since these mandates have the reduction of exposure to currency risk as their principal objective and generating value as a secondary objective. The Dynamic Hedging product seeks to allow our clients to benefit from foreign currency strength while protecting them from foreign currency weakness relative to their own base currency. Value is generated entirely through the asymmetric reduction of pre-existing currency risk and Dynamic Hedging's ability to outperform Passive Hedging is dependent on trending in currency markets. Dynamic Hedging mandates are only implemented as segregated accounts to accommodate the individual international portfolios and hedging requirements of each client.

Currency for Return: AUME $4.8 billion

Our Currency for Return strategies have the generation of investment return as their principal objective.

Record's longer-established return-seeking strategies, the forward rate bias (FRB) and emerging market currency strategies, are founded on market risk premia and as such perform more strongly in "risk on" environments. By contrast, value and momentum strategies are founded on market inefficiencies which are more behavioural in nature. As such they are less risk-sensitive, with value strategy returns relatively insensitive to risk sentiment and momentum strategy returns potentially inversely correlated to risk sentiment. It is this diversification of response to risk sentiment that makes the Multi-Strategy approach an attractive alternative for generating a return from currency for potential clients. Furthermore, the Multi-Strategy approach can be used as a flexible "overlay" to help clients achieve a variety of investment objectives.

Active FRB

The forward rate bias is the observation that higher yielding currencies tend to outperform lower yielding currencies over longer time periods, and is regarded by Record as a fundamental and structural currency risk premium. The core investment process, the Trend/FRB strategy aims to generate return by buying selected developed market higher interest rate currencies and selling selected lower interest rate currencies and managing these positions with a view to controlling downside risk.

FRB Index

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, saw the launch of a 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 £1 million in December 2010. The first significant external investment into this fund was received in the first quarter of 2014, and inflows have continued since then.

Emerging Market Currency

Emerging market currencies offer investors an opportunity to seek either to make a return from such currencies or to seek to separate the currency effect from the underlying overseas domestic asset performance (typically equities or bonds). Record believes that as a result of convergence in the levels of economic output between emerging and developed markets, holding emerging market currencies offers the benefit of real exchange rate appreciation as well as offering higher positive real yields. This currency appreciation has historically been a significant contributor of returns to (developed market) holders of emerging market assets including equities and bonds.

Consequently we regard emerging market currency strategies as an attractive route through which to implement emerging market local currency debt strategies, offering substantially the same elements of return, with significant implementation benefits including no direct capital commitment in the emerging market, lower administration, custody and transaction costs, broader coverage, and greater flexibility and security.

This convergence-driven return opportunity combined with the Forward Rate Bias from selection based on interest rate differentials and discretionary risk management, is expected to result in long-term positive performance of the strategy.

Currency Momentum

This strategy exploits the periodic tendency of the spot exchange rate to appreciate after a prior appreciation, and to depreciate after a previous depreciation. This market inefficiency has persisted across different currencies and is present in other asset classes, such as equities. Currency is commonly thought of as trending and the momentum strategy seeks 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 equilibrium 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.

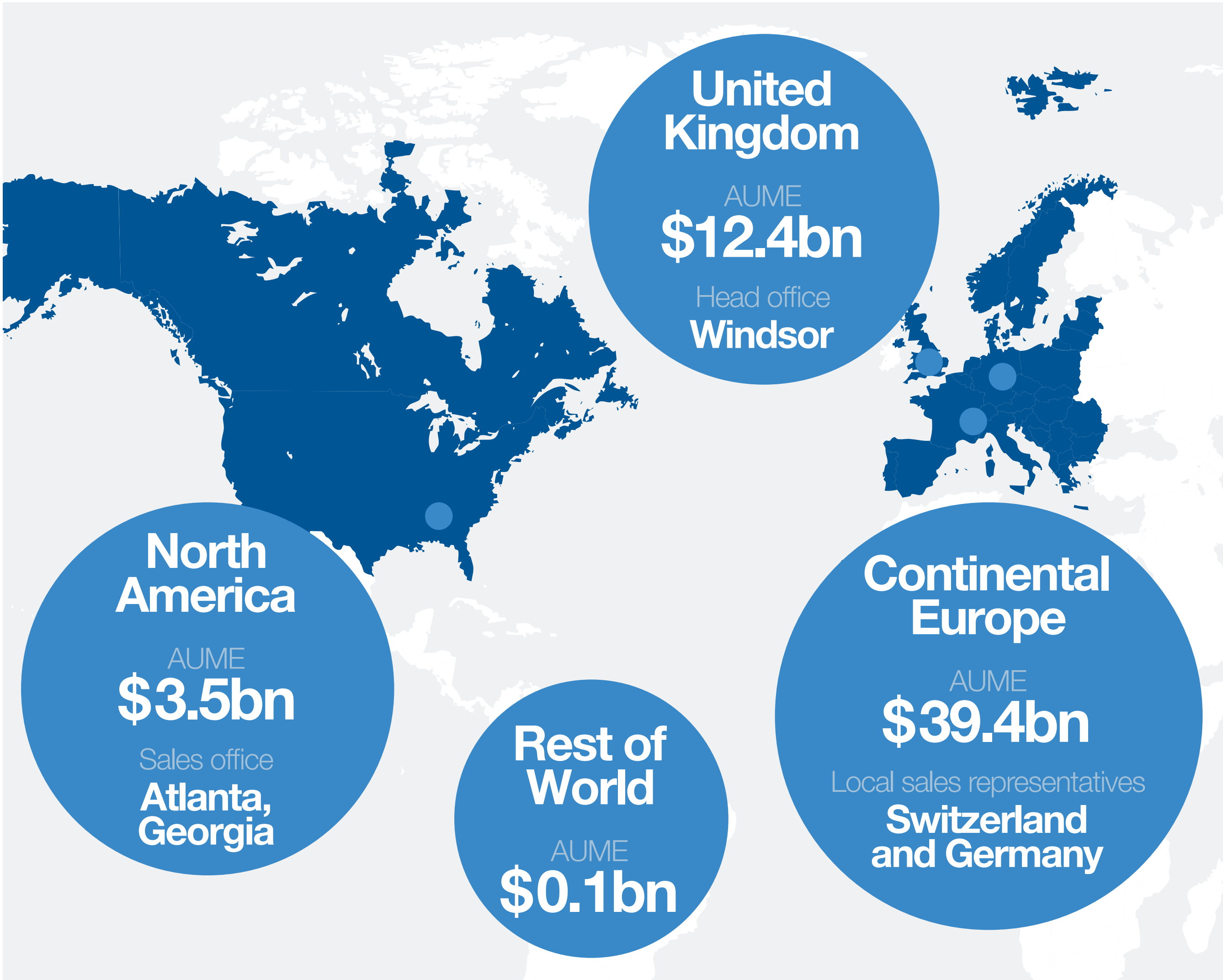
Multi-Strategy

The Multi-Strategy approach can be applied as an "overlay" to help clients achieve a variety of investment objectives, and offers clients access to the main sustainable sources of return in the currency market. Record has the ability to combine four currency return streams (forward rate bias, emerging markets, momentum and value) in different weightings that appeal to particular market segments. By implementing more than one currency for return strategy, clients receive a diversified return stream which performs well under a variety of market conditions and reduces the correlation of their currency programme to other asset classes.

Further information on product investment performance is given in the Operating Review section (page 20).

Business model continued
Where we operate

The Group's main geographical markets are the UK, North America and Continental Europe, in particular Switzerland.



Where we operate

The Group's main geographical markets are the UK, North America and Continental Europe, in particular Switzerland, as determined by the location of clients to whom services are provided.

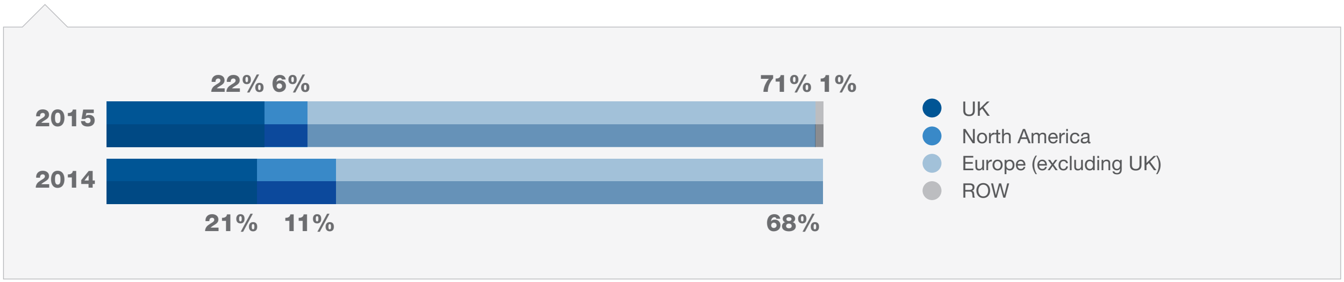
The Group's Head Office is in Windsor, UK from where all of its operations are performed and controlled. The Group also has a US office in Atlanta, Georgia, and sales representatives based in Germany and Switzerland. In addition to these main markets, we continue to explore new geographical markets which we believe may offer attractive opportunities.

Regions

Our clients are located in:

- United Kingdom
- Switzerland
- United States
- Canada
- Germany
- Netherlands
- Belgium
- Singapore
- Denmark
- Luxembourg

AUME by region
31 March



Distribution

The Group's sales and marketing activities are organised to ensure that resources are deployed where opportunities have been identified as giving the most likelihood of future success. To this end, the dedicated sales and marketing team are based in the UK headquarters but are available to provide comprehensive sales and technical support to the sales staff based in the US, Germany and Switzerland.

We distribute through both direct sales to institutional clients, and through local and global investment consultants. Building long-term relationships with investment consultants and developing their understanding of our products and services is important to our continued success and our ability to deliver quality services to our clients. By working closely with both clients and investment consultants we can identify new business opportunities as the currency landscape continues to change and evolve.

Our products are delivered both through segregated mandates and pooled fund structures to suit individual client requirements.

Our people

Record views its ability to attract, retain and motivate highly talented staff as key to organisational stability and long-term success.

Recruitment

The recruitment process is carefully structured to ensure that talented people with the right skills and experience 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 very selectively throughout the year in order to maintain a flexible, scalable platform for future growth. The number of employees (including Directors) in the Group remained broadly stable, and headcount at 31 March 2015 was 67 (2014: 65).

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 inclusive office culture, are all key priorities in the development and retention of our staff. In addition, the Group Share Scheme, the Group Profit Share Scheme and the Group Share Incentive Plan (SIP) promote the acquisition of equity in the Company by staff, improving motivation and retention, as well as aligning employees' interests with those of our clients and shareholders. At 31 March 2015, the proportion of employee shareholders stood at 76% (2014: 72%).

Furthermore, the business ensures that wider factors, such as market trends in pay, are monitored closely to ensure risks to staff retention are limited as far as possible. The recent trend towards higher fixed remuneration in financial services, driven initially by the banking sector but now spreading more widely throughout financial services, has been recognised as a key risk by the Group, which has chosen to react in a way that acknowledges the valuable contribution made by every member of the firm to our clients' outcomes. Consequently a one-off, firm-wide salary increase of 10% has been granted in the current year, effective 1 May 2015, outside the normal salary review process.

Our infrastructure

The Group's operational infrastructure is built around how we service our clients and ensures a collaborative approach across all sections of the business. Superior relationship management is core to our client proposition and we achieve this on various levels by assigning a dedicated and experienced relationship manager to oversee each client portfolio. Also, direct communication between our operational and administrative specialists with each client's own internal functions is encouraged (for example on rebalancing or reporting issues), building on the general level of interaction with the client and underpinning the overall "trusted advisor" relationship. This high level of communication on multiple levels ensures all aspects of the currency issues facing our clients are fully considered and understood in terms of solutions.

All of the Group's investment functions, comprising portfolio implementation, trading and research plus the operational and support functions are based centrally at the Head Office in Windsor, UK and provide services to the Group as a whole.

Business review
Market review

The predominant factors driving FX markets have been monetary policy divergence and volatility.

The twelve months to 31 March 2015 have been characterised in FX markets by two themes in particular: firstly, the continued expectation of divergence in monetary policy between major developed market central banks; and secondly, the re-emergence of volatility, both day-to-day exchange rate volatility, and unanticipated market events.

This section comments on the impact of both of these factors on exchange rates and also considers questions of market structure and functioning, which may in turn be contributing to the increased volatility observed. This section also addresses the effects of these on Record's strategies.

Monetary policy divergence

Major developed market central banks, in particular those of the United States, the Eurozone, the United Kingdom, Japan and Switzerland (referred to as the "G5"), uniformly pursued unusually loose monetary policy as a consistent response to the global financial crisis of the last decade. This highly-convergent strategy became more divergent in the prior financial year, and this divergence has become more pronounced in the year to 31 March 2015.

In the United States, the Federal Reserve had decided to reduce asset purchases (one of the tools of loose monetary policy, and known as "quantitative easing") from December 2013, and stopped such purchases altogether from October 2014. Debate has continued throughout the year over when the Federal Reserve will first increase interest rates, broadly leading the US Dollar to weaken against many developed market currencies in the first three months of the period, then strengthen markedly in the remaining nine months. The US Dollar's almost universal appreciation against developed market currencies, and indeed many emerging market currencies, has been highly notable over the year, with the Dollar appreciating 28% against the Euro, 12% against the Pound, and by a similar magnitude against many other developed market currencies.

The US Dollar's outperformance against the Euro can be attributed as much to Euro weakness as Dollar strength, and Euro weakness in turn can be attributed to the announcement by the European Central Bank on 22 January 2015 of a larger than expected asset purchase programme of €60 billion a month, running at least until September 2016. This announcement, and the programme's launch in March 2015, has confirmed the ECB at the opposite end of the "loosening vs. tightening" spectrum to the Federal Reserve. Political uncertainty focused on Greece has also contributed to pressures on the Euro, and in our view continues to hold the potential for an adverse shock.

The Bank of England by contrast is perceived to be on the path towards rate tightening, not least due to the relative strength of the UK economy. However, declining UK inflation, as indicated by the change in the Consumer Prices Index falling to 0.0% in the year to February 2015, has caused the market's expectation of the timing of rate rises to be extended. As a result, although Sterling strengthened over the first three months of the financial year, it broadly weakened over the following six months, before strengthening again somewhat in the final quarter.

The Bank of Japan has also maintained, and during the year sought to accelerate, its loose monetary policy. The most dramatic example of loosening though has come from the Swiss National Bank, which announced a further reduction in the interest rate on certain deposit accounts by 0.5 percentage points, to -0.75%, on 15 January 2015, in conjunction with ending its prior policy of capping the value of the Swiss Franc against the Euro. Despite the interest rate cut, the Swiss Franc appreciated dramatically on the day, as discussed further under "Volatility" below. Negative interest rates have also been imposed in other countries adjacent to (but not part of) the Eurozone such as Denmark.

Although this trend towards more divergent monetary policy has been widely reported, there are at least two aspects of it that are worth emphasising. Firstly, a considerable deal of market focus and attention is given to the specifics of, for example, at which meeting one or other central bank is expected first to raise rates. In our view, such focus risks "missing the wood for the trees", at least as far as our strategies are concerned. We claim no advantage in foreseeing the specific details of any one central bank's decision-making, but instead focus on the bigger picture of increasingly divergent action between central banks.

Secondly, it is easy to forget amidst the focus on central bank divergence, that we have yet to see any policy rate amongst the G5 increase from their uniformly close-to-zero level (although some divergence has emerged with Swiss Franc rates decreasing further still). Whilst FX markets naturally seek to anticipate rate increases, and are certainly pricing in wider rate divergence at more distant time horizons, it is worth remembering that all of the market movement so far attributed to monetary policy and interest rate divergence reflects only its expectation, not yet its delivery, and hence there is scope for the delivery to exceed expectations (or, of course, to fall short).

Volatility

Volatility has also become more pronounced over the year, measured both by the volatility of day-to-day exchange rate movements, which had fallen to unusually low levels in the early part of the year, and by unanticipated market events.

The most prominent of these over the financial year was the surprise announcement by the Swiss National Bank of its removal of the CHF1.20 ceiling on the value of the Swiss Franc against the Euro, as referred to above. This was explicitly attributed to divergent monetary policies, and was widely believed to be in anticipation of the ECB announcing its asset purchase programme, which followed the Swiss National Bank's announcement by one week. The Swiss Franc immediately appreciated all the way to (and through) parity against the Euro, in the largest one-day movement ever seen in a major developed market currency pair. The Swiss Franc market was effectively closed for up to an hour after the announcement, and continued to be volatile and illiquid over subsequent days.

A separate example of market volatility was provided by the overnight (London time) reaction to remarks made by Federal Reserve Chair Janet Yellen on 18 March 2015. These remarks, which were taken to indicate that US interest rate rises were more distant than the market had anticipated, caused the US Dollar to weaken against the Euro by approximately 4% in overnight trading, before recovering almost to its prior level.

FX markets

Throughout this financial year, FX markets have continued to come under greater regulatory focus than has been the case historically. This has taken many forms, including continued investigation into FX benchmarks, the inclusion of FX markets in broader reviews such as the Fair and Effective Markets Review undertaken by the Bank of England, the Financial Conduct Authority, and HM Treasury, and regulatory fines and penalties on banks exceeding $10 billion.

As a specialist currency manager whose interests are completely aligned with those of its clients, Record is wholly supportive of appropriate and considered regulatory change to maintain the fair, effective and open functioning of the FX markets. We do however recommend that any change starts from a detailed understanding of how the market functions today.

We continue to believe that the currency markets as they function presently can serve their users extremely well. The FX spot, forward and non-deliverable forward markets, constructed from a series of bilateral relationships with market-making counterparties competing on standard terms, and offering round-the-clock pricing, continue to remain highly liquid, with very competitive transaction costs. Attempts at reform must therefore avoid any unintended consequences that may disrupt the already efficient currency markets.

Indeed, it may be the case that the FX market has already begun to see undesirable and unintended consequences of reforms attempted so far. Whilst the immediate reaction to the Swiss National Bank's surprise announcement was inevitably dramatic, the Swiss Franc market continued to be surprisingly volatile and fragile for some days. The causes of this prolonged market impact are unclear, but it has been suggested that it may be attributable to less appetite to hold risk within banks, to liquidity fragmentation amongst trading venues, and even to less experienced bank FX traders.

Business review continued
Market review continued

Effects on Record's strategies

The effects of the various factors above on Record's strategies and on demand for them are complex, but some conclusions can be drawn.

Although the long-term strategic arguments in support of currency hedging are focused around volatility reduction, there is no doubt that the prospect of a strengthening base currency, and hence the risk of losses caused by depreciating exposure currencies, can encourage investors to consider hedging on a more tactical basis.

The experience of US investors since the middle of the financial year, with a strengthening US Dollar causing currency to detract from the performance of international asset allocations, has allowed Record's currency hedging strategies to generate attractive off-setting performance for US clients. It has also contributed to a marked increase in interest from investment consultants and prospective clients. As ever, some investors will be encouraged to consider hedging against the prospect of further appreciation, while others may feel they have "missed the boat". In any event, the US Dollar strength alone has given currency and currency strategies greater prominence amongst US investors.

With respect to return-seeking currency strategies, the most obvious beneficiary of monetary policy divergence, and hence anticipated interest rate divergence, are forward rate bias or "carry trade" strategies, which tend to perform well both in anticipation of rate divergence, as well as in established divergent environments with larger rate differentials to harvest. Record has seen continued interest in forward rate bias strategies throughout the financial year.

Momentum and value strategies are less evidently directly affected by developed market interest rates. Although emerging market currency strategies are widely perceived to underperform in periods of US Dollar strength, this sensitivity can be offset to a large degree by appropriate portfolio construction.

The differing reactions of currency strategies to market conditions highlight the benefits of diversification. These are evident both within Record's client base, as measured by clients' objectives and by their geography and hence base currency, as well as within strategies, in particular the Currency Multi-Strategy product which will reach its third anniversary this year.

The impact on Record's clients of the unexpected Swiss decision in January serves as a microcosm to illustrate these benefits. Our Swiss hedging clients benefited significantly from the appreciation of the Swiss Franc, although of course only to the extent that these hedging gains offset currency losses in the underlying assets. Correspondingly our non-Swiss hedging clients suffered losses in their hedging portfolios, although again only offsetting gains on their typically modest allocation to Swiss assets. Performance across return-seeking strategies was diverse, with the standard Multi-Strategy product overall recording a modest loss on the day, all of which was recouped in the rest of the quarter.

Whilst market volatility can present challenges, the need to access limited liquidity, and to ensure clients continue to receive the best-available execution, provide an environment in which Record's skill and experience can be demonstrated to good effect, as evidenced in the case study "Swiss cap dropped" opposite.

Case study
Swiss cap dropped

The impact of the Swiss Franc no longer being capped against the Euro, and what that means for our clients.

The intraday volatility observed on the day of the announcement by the Swiss National Bank was a reflection of the extent to which the decision had surprised market participants, with the Swiss Franc strengthening by as much as 30% against the Euro, before partially reversing. This dramatic price action impaired the depth of market liquidity, with elevated levels of market stress feeding through to both wider bid-offer spreads and dislocations between money market interest rates and implied yields in the FX forward market. In fact, one could go as far as suggesting the spot and forward market for Swiss Francs resembled conditions not dissimilar from those observed in the wider market during the global financial crisis in 2008 or the Euro zone debt crisis two years later.

It is the experience of executing through previous shock events such as these that helped the Trading Team at Record deal with the difficult market challenges in what became referred to as the “post-SNB market”. In particular, the ability to source prices from our extensive list of counterparties and to take advantage of varying degrees of positioning in favour of our clients’ requirements came to the fore. This was aided by the team’s broader practice of applying a range of execution tools to transact on behalf of clients, including competitive tendering for quotes using multi-bank e-commerce platforms as well as making use of the more traditional voice brokerage system.

The culture at Record has always been one that encourages different functions within the organisation to work closely together to achieve better results for our clients. The benefits of such an approach were evident during this episode, when the Trading and Portfolio Management teams combined efforts to identify instances where adjustment trades generated from the higher levels of volatility could be offset to minimise the overall market footprint. In addition, the depth of technical knowledge relating to intricacies specific to the Swiss Franc forward market meant the Trading team were in a position to work alongside the investment and research functions in providing solutions to minimise the impact of dislocation between FX implied yields and money market interest rates. This close working relationship has continued despite the declining levels of FX market impairment, with the traders’ remit to monitor bid-offer spreads and interest rate differentials helping to ensure client portfolios are aligned with the latest developments relating to the functioning of the markets for Swiss Francs.

Business review continued
Operating review

Growth in AUME and client numbers has been accompanied by diversification in investment strategy, in structure and in geography.

Product investment performance

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

The performance of our Dynamic Hedging product depends on how the foreign currencies change in value relative to the base currency of a client. During the last year, mandates for our US and UK-based Dynamic Hedging clients performed as expected in terms of allowing clients to benefit from periods of strengthening foreign currencies, whilst being protected against periods of weakening foreign currencies.

UK investors generally saw underlying losses from currency over the year as Sterling strengthened against most G10 currencies, leading to lower Sterling valuations for foreign currency investments. UK-based Dynamic Hedging programmes systematically increased Euro hedge ratios over the year in response to Sterling strength to protect against these losses. Conversely, in the case of the strengthening US Dollar, hedge ratios declined during the year, thus containing hedging losses and allowing UK investors to capture the gains in the underlying US currency exposure. Overall, the returns from hedging were positive and helped to offset the effects of the underlying foreign currency exposure.

US investors also saw losses from currency on international exposures when valuing positions in US Dollars, as the US Dollar strengthened against every G10 currency. Record's Dynamic Hedging product increased hedge ratios over the year in response to the US Dollar's strength. As a result, returns from hedging were positive and compensated losses from foreign currency exposure.

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

For the Active FRB product, the core investment process – the Trend/Forward Rate Bias strategy – aims to buy selected developed market higher interest rate currencies and sell selected lower interest rate currencies and to manage these positions with a view to controlling downside risk. Historically this investment approach has shown positive returns due to the existence of the Forward Rate Bias and trending movements in selected currency pairs. The year saw negative returns mainly due to the short position in the Swiss Franc which appreciated sharply following the Swiss National Bank's decision to abandon the cap on the value of the currency. A complementary investment process – the Range Trading strategy – generated a positive return as selected currency pairs tended to mean revert, partially offsetting the underperformance of the FRB strategy.

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

Record's Emerging Market Currency Fund generated positive returns over the period as emerging market currencies appreciated against a basket of developed market currencies, notwithstanding US Dollar strength.

Record's first live Multi-Strategy mandate combining Active FRB, Emerging Market, Momentum and Value strategies, delivered positive performance over the period. Gains were led by returns in the Value and Momentum strategies, although these were partially offset by negative returns from the Active FRB strand and, to a lesser extent, the Emerging Market strand (the divergence in the performance of the latter versus the Emerging Market Currency Fund was due to differences in portfolio construction).

In the last quarter Record also established two new Multi-Strategy accounts, one on a segregated basis and one within a UCITS fund with both including the FRB10 Index product in place of the Active FRB strategy. At the end of the reporting period both mandates had positive performance.

Returns data for Currency for Return strategies

Fund name	Gearing	**Return for 12 months to 31 March 2015 %**	Return since inception % p.a.	Volatility since inception % p.a.
FTSE FRB 10 Index Fund[1]	1.8	**-1.34%**	2.24%	7.76%
Emerging Market Currency Fund[2]	1	**1.02%**	0.64%	6.70%
Index/ composite returns		**Return for 12 months to 31 March 2015 %**	Return since inception % p.a.	Volatility since inception % p.a.
Alpha composite[3]		**-1.66%**	0.03%	3.09%
FTSE Currency FRB10 GBP Excess return[4]		**-0.90%**	2.45%	4.69%
Currency Value[5]		**5.97%**	3.46%	3.07%
Currency Momentum[6]		**1.74%**	2.63%	2.92%
Record Multi-Strategy (ungeared)[7]		**1.08%**	1.83%	2.22%

Gearing

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

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

1 FTSE FRB10 Index Fund return data is since inception in December 2010, GBP base.
2 Record Currency – Emerging Market Currency Fund return data is since inception in December 2010, GBP base.
3 Alpha Composite data is since January 2003, USD base.
4 FTSE Currency FRB10 GBP Excess return data is since December 1987, GBP base.
5 Currency Value return data is since inception in July 2012, CAD base.
6 Currency Momentum return data is since inception in July 2012, CAD base.
7 Record Multi-Strategy return data is since inception in July 2012, CAD base.

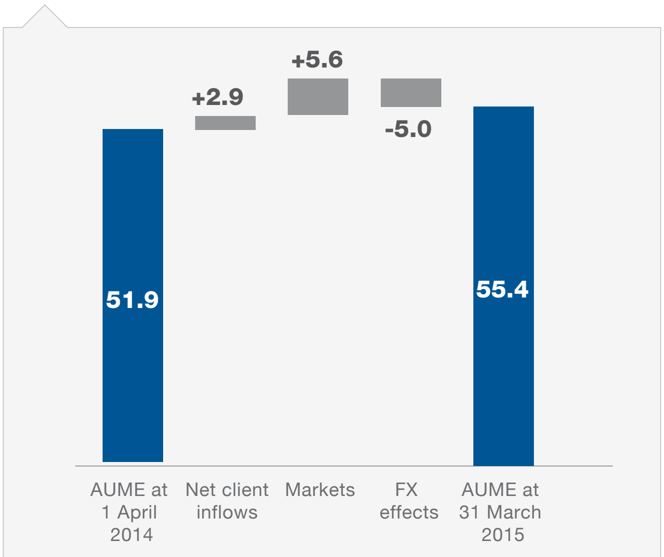
Business review continued
Operating review continued

AUME development

The Group has seen an aggregate increase in AUME of $3.5bn (+7%) to finish the year at AUME of $55.4bn compared with $51.9bn at the end of the previous year.

When expressed in Sterling, AUME increased by £6.2bn (+20%) to finish the year at £37.3bn (2014: £31.1bn).

AUME development bridge
Year to 31 March 2015 ($bn)



AUME movements

The Group has seen net inflows of $2.9bn from clients. Inflows from both new and existing clients totalled $12.9bn, and were offset by outflows of $10.0bn.

Dynamic Hedging AUME experienced net outflows of $2.3bn, ending the year at $9.2bn (2014: $11.3bn). The loss of a Dynamic Hedging programme was reported in early April representing an outflow of $0.6bn, with the remaining net outflows attributable predominantly to clients taking profits partially offset by inflows from a new Dynamic Hedging client. The $0.8bn impact of growth in the value of underlying assets was mostly offset by the impact of movements in exchange rates of -$0.6bn.

Passive Hedging AUME continued to grow and reached $41.2bn (2014: $37.9bn) by the end of the year, an increase of 9% (2014: +71%). Net inflows of $2.9bn were from a combination of new and existing clients with the net impact of external factors contributing a further $0.4bn.

Currency for Return AUME has doubled to $4.8bn (2014: $2.4bn). The increase is due principally to aggregate inflows of $2.3bn both from an existing client into a bespoke programme during the year and from the addition of two new clients with Multi-Strategy mandates. The net impact of external factors increased AUME by $0.1bn.

Equity and other market performance

Record's AUME is affected by movements in equity and other market levels because substantially all the Passive and Dynamic Hedging, and some of the Currency for Return mandates, are linked to equity and other market levels. Market performance increased AUME by $5.6bn in the year to 31 March 2015.

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

Class of assets underlying mandates by product as at 31 March 2015

	Equity %	Fixed income %	Other %
Dynamic Hedging	75%	0%	25%
Passive Hedging	33%	55%	12%

Forex

The percentage of the Group's AUME which is non-US Dollar denominated is 87%. The foreign exchange impact of the conversion of non-US Dollar mandate sizes into US Dollar AUME had the impact of reducing AUME by $5.0bn over the year. This movement does not have an equivalent impact on the Sterling value of fee income.

The split of AUME at the year end by base currency was 21% in Sterling, 61% in Swiss Francs, 13% in US Dollars, 5% in Euros and less than 1% in Canadian and Singapore Dollars.

Product mix
AUME composition by product

	31 March 15		31 March 14	
	US $bn	**%**	US $bn	%
Dynamic Hedging	**9.2**	**17%**	11.3	22%
Passive Hedging	**41.2**	**74%**	37.9	73%
Currency for Return	**4.8**	**9%**	2.4	5%
Cash	**0.2**	**-%**	0.3	-%
Total	**55.4**	**100%**	**51.9**	**100%**

The gradual shift in product mix over the last few years from higher-margin to lower-margin products has slowed considerably. The doubling of AUME in the Currency for Return product has more than offset the reduction in Dynamic Hedging AUME over the year, although the majority of inflows into Currency for Return were from a bespoke mandate of a tactical nature, part of which may therefore only be temporary.

With respect to actual flows, aggregate net flows amounted to zero between these two higher-margin products. Currency for Return represented 9% (2014: 5%) of total AUME and Dynamic Hedging 17% (2014: 22%). The proportion of total AUME represented by Passive Hedging was broadly unchanged at 74% (2014: 73%).

Client numbers

At 31 March 2015 Record had 55 clients compared to 48 clients at the end of the prior year, a net gain of seven clients over the year.

AUME composition by product and base currency

	Dynamic Hedging		Passive Hedging		Currency for Return	
Base currency	**31 March 15**	31 March 14	**31 March 15**	31 March 14	**31 March 15**	31 March 14
Sterling	**GBP 2.7bn**	GBP 2.3bn	**GBP 4.7bn**	GBP 3.6bn	**GBP 0.1bn**	–
US Dollar	**USD 3.2bn**	USD 5.9bn	**USD 0.2bn**	USD 0.2bn	**USD 3.6bn**	USD 1.5bn
Swiss Franc	**CHF 1.9bn**	CHF 1.4bn	**CHF 30.3bn**	CHF 25.7bn	**CHF 0.7bn**	CHF 0.6bn
Euro	**–**	–	**EUR 2.4bn**	EUR 1.9bn	**–**	–
Canadian Dollar	**–**	–	**–**	–	**CAD 0.3bn**	CAD 0.3bn
Singapore Dollar	**–**	–	**–**	–	**SGD 0.1bn**	–

Business review continued
Financial review

"For the second consecutive year, it is pleasing to report growth in the main financial indicators of revenue, profits and earnings."

Steve Cullen
Chief Financial Officer

Group revenue increased by 6% to £21.1m for the year and includes the Group's first performance fees for five years, of £0.5m.

The Group maintained aggregate management fees at £20.3m (2014: £20.3m) despite the loss of a Dynamic Hedging client announced at the start of the year and the full year financial impact of reduced fee rates on Dynamic Hedging mandates announced in November 2013.

Careful management of costs resulted in a 2% decrease in personnel costs and a 5% decrease in non-personnel costs, which were offset by an increase in the Group Profit Share cost of 10%. Aggregate expenditure, including the Group Profit Share, was maintained at 2014 levels of £13.4m.

Profit before tax increased by 18% to £7.7m.

Profit and loss (£m) – Year ended 31 March	2015	2014
Revenue	**21.1**	19.9
Cost of sales	(0.2)	(0.1)
Gross profit	**20.9**	19.8
Personnel (excluding Group Profit Share Scheme)	(6.0)	(6.1)
Non-personnel cost	(4.2)	(4.4)
Total expenditure (excluding Group Profit Share Scheme)	(10.2)	(10.5)
Group Profit Share Scheme	(3.2)	(2.9)
Operating profit	**7.5**	6.4
Operating profit margin	**36%**	32%
Net interest received	**0.2**	0.1
Profit before tax	**7.7**	6.5
Tax	**(1.7)**	(1.5)
Profit after tax	**6.0**	5.0

Revenue

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

Revenue analysis (£m)	2015	2014
Management fees	**20.3**	20.3
Performance fees	**0.5**	–
Other income	**0.3**	(0.4)
Total	**21.1**	19.9

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

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

Management fees

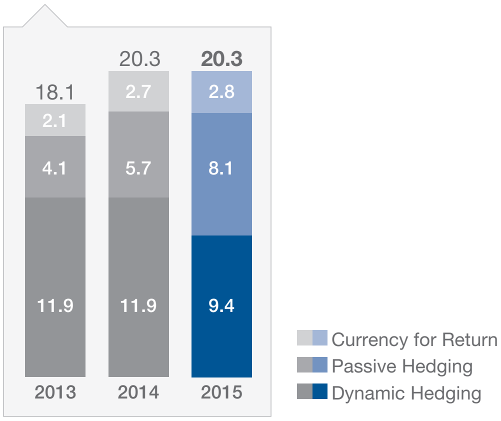
Management fee income earned during the year was £20.3m, in line with the previous year (2014: £20.3m). The composition of management fees has continued to reflect the shift from the high-margin Dynamic Hedging product into the lower-margin Passive Hedging product, lagging the corresponding shift in AUME reported last year. Dynamic Hedging management fees decreased by £2.5m with both the full year impact of the fee reductions given in the prior year and the loss of a Dynamic Hedging client announced at the start of the year being the main factors. This was mostly offset by the growth in Passive Hedging management fees of £2.4m due to the full year effect of prior year increases to Passive Hedging AUME plus growth in existing clients mandates through the year.

AUME growth reported in Currency for Return products occurred in the latter part of the year, meaning that the effect on management fees for the year ended 31 March 2015 was marginal, with related revenues increasing to £2.8m (2014: £2.7m).

Dynamic Hedging represents 46% (2014: 59%) of total management fees, and Passive Hedging increased to 40% (2014: 28%) and Currency for Return 14% (2014: 13%) of total management fees.

Management fees by product (£m)	2015	2014
Dynamic Hedging	9.4	11.9
Passive Hedging	8.1	5.7
Currency for Return	2.8	2.7
Total	**20.3**	20.3

Management fees by product
(£m)



As expected, the average fee rate achieved by the Dynamic Hedging product fell slightly year on year as a result of a full year's impact of the decrease in Dynamic Hedging fee rates announced in November 2013.

Passive Hedging average fee rates have remained stable through the period whilst Currency for Return rates have fallen slightly due to inflows into mandates with tiered fee scales decreasing the overall average fee rate.

Average management fee rates by product – (bps)	2015	2014
Dynamic Hedging	15	16
Passive Hedging	3	3
Currency for Return	16	17

Performance fees

Performance fees of £0.5m were earned in the year, (2014: £nil). Performance fees can be earned either from Currency for Return or Dynamic Hedging mandates, dependent on the individual client mandate. Record currently has two active mandates incorporating a performance fee component, both of which are Dynamic Hedging mandates.

Other income

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

Expenditure

Operating expenditure

The total operating expenditure of the Group was £13.4m during the year ended 31 March 2015, in line with the prior year. Due to careful cost control, expenditure reduced from the prior year by £0.1m and £0.2m for non-personnel and personnel costs respectively. The Group Profit Share cost increased by £0.3m over the prior year in line with the increase in profitability.

As detailed more fully on page 15 of the Strategic Report and in the Chief Executive's statement, a firm-wide salary increase of 10% has been granted in the current year, effective 1 May 2015.

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 staff. The Remuneration Committee has agreed that for the year ended 31 March 2015, the Group Profit Share Scheme is 30% of pre-GPS operating profit. This represents £3.2m, an increase of £0.3m from the previous financial year. Directors and senior management in Record are required to take a proportion of this remuneration in the form of shares which are subject to lock-up arrangements under the scheme rules.

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

Business review continued
Financial review continued

Operating profit and margins

On a fully consolidated basis, operating profit for the year ended 31 March 2015 of £7.5m was 17% higher than the operating profit for the previous financial year (2014: £6.4m) and operating margin increased from 32% to 36%.

Management also considers operating profit and profit before tax on an "underlying" basis, which excludes the impact of the income and expenditure attributable to non-controlling interests (i.e. gains and losses attributable to other investors in the seed funds which are consolidated into the Group's financial statements on a line-by-line basis, as required under IFRS). This reflects the approach used for internal management reporting and is considered to represent more accurately the core revenues and costs driving current and future cash flows of the business. Underlying operating profit for the year was £7.3m (2014: £6.8m) with underlying profit before tax for the year of £7.5m (2014: £6.9m).

Cash flow

The Group's year end cash position was £12.0m (2014: £11.5m). The cash generated from operating activities before tax was £8.0m (2014: £6.7m), with £1.6m paid in taxation (2014: £1.6m) and £3.3m paid in dividends (2014: £4.9m). At the year end, the Group held money market instruments with maturities between 3 and 12 months, worth £18.1m (2014: £15.5m). These instruments are managed as cash by the Group but are not classified as cash under IFRS rules (see note 16 of the financial statements for more details).

Dividends

Shareholders received an interim dividend of 0.75p per share paid on 19 December 2014. The Board recommends paying a final dividend of 0.90p per share, equivalent to £1.9m, taking the overall dividend to 1.65p per share, an increase of 10% over the prior year (dividend paid in respect of year ended 31 March 2014: 1.50p per share).

Subject to shareholder approval, the dividend will be paid on 29 July 2015 to shareholders on the register on 26 June 2015, the ex-dividend date being 25 June 2015. The dividend cover in the year was 1.6 (2014: 1.7).

Financial stability and Capital management

The Group's financial position remains strong, with consolidated net assets growing to £35.8m (2014: £32.9m) at the end of the year represented predominantly by assets managed as cash totalling £30.1m (2014: £27.0m).

The Board's policy is to retain capital (being equivalent to shareholders' funds) within the business sufficient to meet continuing obligations, to meet regulatory capital requirements, to sustain future growth and to provide a buffer against adverse market conditions. To this end, the Group maintains a financial model to assist it in forecasting future capital requirements over a three year cycle under various scenarios and monitors the capital and liquidity positions of the Group on an ongoing and frequent basis. The Group has no debt.

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

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

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

Regulatory capital resources (£m)	2015	2014
Core Tier 1 capital	31.9	29.2
Deductions: intangible assets	(0.5)	(0.7)
Regulatory capital resources	31.4	28.5

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

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.

Risk management

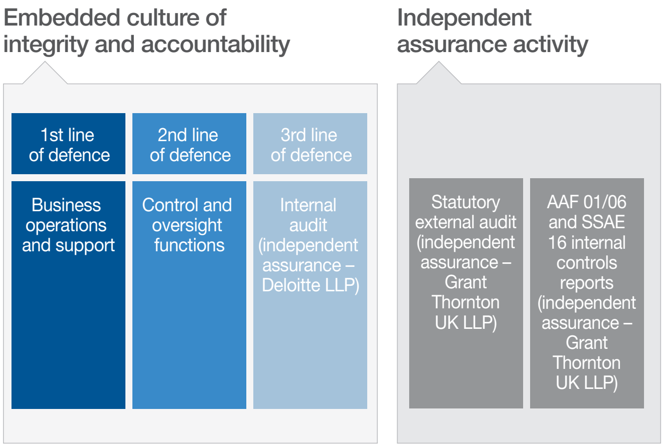
The Board has ultimate responsibility for risk and the oversight of the risk management process within the business. Recognising that risk is inherent in all of the Group's business dealings, and in the markets and instruments in which the Group operates, it places a high priority on ensuring that there is a strong risk management culture embedded throughout the Group, and accountability at all levels within the business. Effective risk management and strong internal controls are integral to the Group's business model and are reflected in the risk management framework adopted within the business.

Lines of defence

The Record culture is one of integrity and accountability; core values that are embedded into the control environment surrounding all areas of the business.

The overall risk management framework is underpinned by the three lines of defence and is overseen by the Audit and Risk Committee ("ARCOM"), as delegated by the Board.

Within this framework the first line of defence provides management assurance and rests with line managers within their specific departments, with senior managers responsible for the implementation and maintenance of higher-level controls to ensure adherence to quality standards and regulatory requirements. Functions such as Compliance and Risk, Legal, HR and Finance provide the second line of defence through the drafting, implementation and monitoring of policies and procedures to align with best practice, to ensure compliance and to provide assurance oversight for the Board and ARCOM. The third line of defence is performed by internal audit which provides independent assurance on the adequacy and effectiveness of the Group's risk management, control and governance processes providing recommendations to improve the control environment.

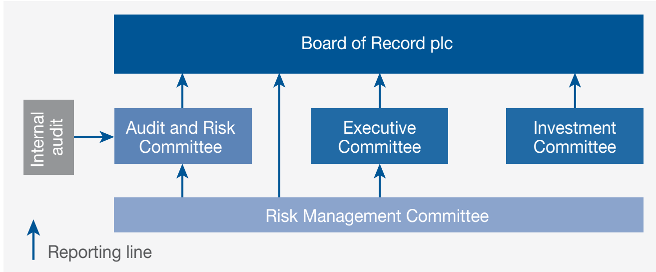


External independent assurance for shareholders is gained through the statutory annual external audit process run by Grant Thornton UK LLP, with the same firm appointed as reporting accountant for the Group's annual Audit and Assurance (AAF 01/06 and SSAE 16) reports on internal controls.

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 framework

Oversight of the risk management framework is governed by various committees as delegated by the Board.



The Board has delegated authority to the Audit and Risk Committee to provide oversight and independent challenge in relation to internal controls, risk management systems and procedures and external financial reporting.

The Executive Committee is the delegated decision-making body for the day-to-day operation of the business and includes executive Board members and other senior personnel.

The Board has delegated authority to the Investment Committee to approve changes to any of the Group's investment processes and to establish and maintain policies for these processes. The Committee's membership includes Board members and senior personnel including the Chief Investment Officer, the Chairman, the Chief Executive Officer, the Head of Client Team, the Head of Portfolio Management, the Head of Economic Research and FX Strategy and the Head of Investment Strategy. Investment Committee approval is required prior to implementation of any new or amended investment process or product.

The Board has established a Risk Management Committee which is chaired by the Chief Operating Officer and has the Chief Financial Officer, the Head of Operations, the Head of Trading, the Head of Portfolio Management, the Head of Portfolio Implementation, the Head of Front Office Risk and the Head of Compliance and Risk as members. As prescribed in terms of reference determined by the Audit and Risk Committee, the Risk Management Committee reviews existing and new risks, and the nature of any operational incidents with the objective of ensuring that adequate systems and controls are in place to minimise and preferably eliminate such incidents and their impact on clients and the Group.

The principal risks faced by the Group including those that threaten its business model, future performance, solvency and liquidity are reviewed periodically by the Audit and Risk Committee and as part of the ICAAP process which is performed at least on an annual basis. These risks 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 mitigating activities are set out overleaf.

Risk management continued

Risk type	Owner
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.
Description of risk	**Mitigation**
These include:	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.	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.
Loss of key personnel could impact on the management of the Group and/or lead to a loss of AUME.	The Group's investment process is steered by an Investment Committee comprising members of the Board and senior management and all products are managed on a predominantly systematic process which is not reliant on any individual employee. All clients have more than one point 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 currency by its core client base.	Diversification of investment capabilities across risk-reducing and risk-taking products to reduce single event/product exposure. Evolving product mix continues to dilute concentration of Dynamic Hedging product.
Account concentration; Record has a relatively small number of high value clients. Its largest client generated 15% of revenue in the year ended 31 March 2015, and the largest five clients generated 58% of revenue in the year ended 31 March 2015.	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 decides not to recommend Record as an investment manager, then this could result in a loss of AUME.	The Group has dedicated consultant relations managers and 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.

Risk type	Owner
Intervention risk The risk that changes to the business environment arising from unanticipated intervention i.e. legal or regulatory changes affect the Group's business model or profitability.	Delegated to: Executive Committee.
Description of risk	**Mitigation**
These include:	These include:
Intervention by government, government agency or regulatory body such as exchange controls, financial transaction tax, etc. that renders some or all of the Group's products ineffective. Such intervention may arise as an unintended consequence of regulatory reforms targeted elsewhere.	Diversified product range underpinned by a number of different strategies that may not all be impacted by the intervention. Depending on the nature of the intervention, certain product strategies may perform well. Experienced management team that are able to respond in a timely manner to adapt the business. The Group participates in consultations on proposed regulatory changes, both on its own and through trade bodies. Certain regulatory changes may provide opportunities as well as threats.
56% of AUME and 26% of revenues in the year ended 31 March 2015 derive from Passive Hedging for Swiss pension funds, which are required by regulation to hedge currency risk above a certain threshold – this regulation could be abolished.	The Group seeks to build long-term and close relationships with its clients, which are intended to assist in retaining such mandates even in the event of regulatory change.

Risk type	Owner
Investment risks The risk that long-term investment performance is not delivered, damaging prospects for winning and retaining clients, and putting average management fee rates under pressure.	Delegated to: Investment Committee.
Description of risk	**Mitigation**
These include:	These include:
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 of range-trading in currency pairs may lead clients to reassess the benefits of the product.	Experienced Investment Committee meets regularly ensuring consistent core investment processes are applied. Dedicated currency management research and investment focus.
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 could lead to mandate terminations by clients and to loss of confidence in the Group's investment model by clients, potential clients and the investment consultants who advise them.	Experienced Investment Committee meets regularly 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. Diversification, both through offering multiple strategies that benefit from opposing market conditions i.e. "risk-on" and "risk-off", and through a client base which is diverse in geography and base currency.

Risk management continued

Risk type	Owner
Operational risks 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.	Delegated to: Risk Management Committee ("RMC").

Description of risk	Mitigation
These include:	These include:
The Group is exposed to the risk of failure of its proprietary IT system (ROMP, or Record Overlay Management Programme), Calypso (middle and back office system) and other IT systems, which might prevent the Group's ability to operate.	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. Engagement letters or service level agreements are in place with all key service providers.
Execution and process management; dealing, portfolio, settlement and reporting errors.	Record prepares an annual AAF 01/06 report and SSAE 16 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. Record has an outsourced internal audit function that reports independently to the Audit and Risk Committee. The Group's investment processes for all products are predominantly 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. Each department has established procedures manuals that are available to all members of staff. The adherence to these procedures is checked regularly through the compliance monitoring programme, AAF and SSAE 16 reviews and the internal audit programme. A dedicated portfolio management team oversees the investment process and a dedicated and separate Front Office Risk team provides post-trade compliance assurances, including changes to any static data which may impact the behaviour of the systematic processes.
Non-compliance, including monitoring of investment breaches.	Each department has established procedures manuals that are available to all members of staff. The adherence to these procedures is checked regularly through the compliance monitoring programme, AAF and SSAE 16 reviews and the internal audit programme. Automated post-trade compliance tests / reports monitor whether programs are running in line with expectations, and identify any potential issues that may need to be resolved in a timely manner.
Record's investment process involves high trading turnover of client positions in both size and volume, therefore it is reliant on market liquidity.	The Group trades on behalf of clients in currency and related instruments with a large panel of banking counterparties. Currency is a particularly deep and liquid market that has continued to provide sufficient daily liquidity.
Record executes derivative transactions with large banks as the counterparty, on behalf of clients. As an over the counter ("OTC") product, these contracts inherently contain a degree of counterparty risk with the counterparty bank. Default by any of these counterparties could indirectly lead to impairment of Record's standing in the currency management markets with investors and investment consultants and thus may result in the loss of AUME and/or fee income.	On a daily basis Record monitors the credit ratings (and other indicators of creditworthiness) of the counterparties Record has dealings with and the RMC maintains an Approved Counterparty List (ACL). Changes are noted against a comprehensive Credit Risk Policy overseen by the RMC that meets at least on a monthly basis. Reallocations of exposures to certain counterparties may follow the daily review in order to ensure a prudent spread of counterparty credit risk.

Risk type	Owner
Treasury risks 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.	Delegated to: Chief Financial Officer.

Description of risk	Mitigation
These include:	These include:
More than 70% 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 predominantly Sterling based.	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.
The Group invests a limited amount of its resources in seed funds, exposing it to credit risk and foreign exchange risk.	Monthly reporting of all balance sheet exposures to the Executive Committee and Board.
	The Group's level of investment in seed funds is strictly limited in accordance with the Board's risk appetite statement.
Liquidity management - the Group is exposed to credit risk and interest rate risk in respect of its cash balances.	The Group has adopted a credit risk policy to manage its credit risks, under which it follows clear counterparty diversification and minimum credit rating criteria.
	Monthly reporting of all balance sheet exposures to the Executive Committee and Board.

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. Our 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:

- Community
- Workplace
- Environment

Community

During the course of the year, the Group made charitable donations totalling £31,642. Our charitable giving is focused 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, which provides grants to students who aim to pursue ambitions which will benefit the wider community, for example in medical or charitable fields.

"Following graduation, I hope to become a practising clinician involved in healthcare management and policy, with the aim of improving healthcare delivery in the NHS"

Abhijeet Tavare – Recipient of Record bursary

The Group has an active staff-run Charity and Volunteering Committee which is responsible for organising fundraising and volunteering events. This year employees were encouraged to participate in a variety of events including charitable runs, fundraising lunches and organising Christmas gifts for children at a local women's refuge.

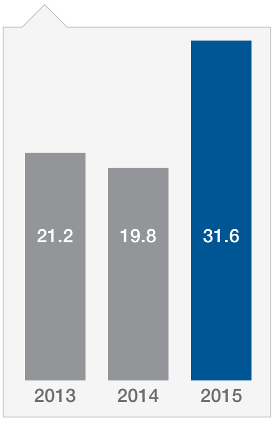
For the second consecutive year, we sent one of our employees to South Africa to participate in a programme called the Huckleberry Initiative which aims to develop the skills of the individual whilst contributing to ethical and charitable causes.

The Group has an established internship programme for students which we expanded this year to include international students. During the year we welcomed interns from Oxford and Cambridge Universities as well as Georgia Institute of Technology in the US, and two Swiss universities: Università della Svizzera Italiana and École Hôtelière de Lausanne.

"With the Huckleberry Initiative we led a group of UK students to South Africa to help teach underprivileged children and improve their school facilities."

Sandeep Prashar – Head of Front Office Risk

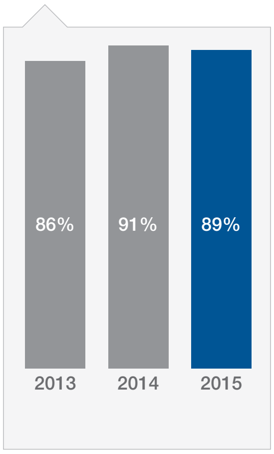
Charitable donations
(£'000)



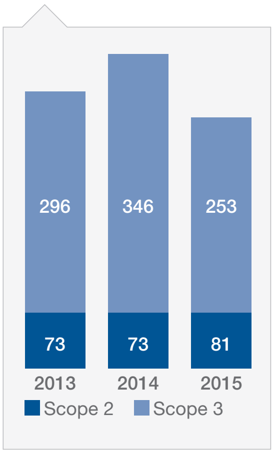
Human rights

Record complies fully with appropriate human rights legislation in the countries in which it operates.

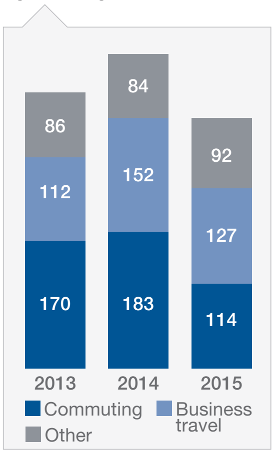
Staff retention
(%)



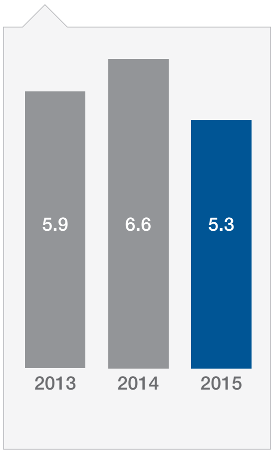
Gross CO_2 emissions
(Tonnes)



Gross CO_2 emissions
by activity (Tonnes)



Gross CO_2 emissions per
head (Tonnes)



Workplace

Record is committed to providing a working environment in which bright, dynamic and committed individuals thrive. We believe that investing in our staff and developing their potential is key to the success of the business and our policies and practices reflect this.

The Group's focus on staff development is demonstrated by our open office environment, in which staff are encouraged to work with different departments and teams as well as having the opportunity to work closely with senior management. All staff are invited to participate in monthly company update meetings which are led by the Chief Executive Officer. The Group also provides study support to employees who wish to pursue relevant professional qualifications.

We strive to incentivise employees by providing them with a happy and vigorous working environment. Employees are encouraged to maintain a healthy work-life balance and the Board has established a staff-run welfare committee which organises fun team-building and other social events enhancing interaction between different departments and different grades within the business.

In addition, the Group provides a number of different benefits to employees including pension, private medical, life insurance, permanent health insurance and subsidised gym membership. All employees are rewarded through the Group Profit Share Scheme and have the opportunity to acquire shares in Record plc through this scheme, as well as through the Record plc Share Incentive Plan.

The Group's objectives include ensuring that all staff are provided with equal opportunities and that the workplace is free of discrimination. The Board aims to ensure that the recruitment process is fair and is carried out objectively, systematically and in line with the requirements of employment law.

The gender diversity within the Group is shown below:

As at 31 March 2015	Female		Male	
Board Directors	1	13%	7	87%
Senior management	2	17%	10	83%
Other staff	19	40%	28	60%
All employees	**22**	**33%**	**45**	**67%**

Environment

The Group seeks to minimise its carbon footprint through recognising the environmental impact of its activities, reducing that impact through responsible procurement of goods and services, and offsetting its remaining carbon emissions. The Group first assessed its carbon footprint in July 2006, and has offset its carbon emissions since then through investment in renewable energy projects in Brazil, India, China and Mongolia.

The Group's annual emissions[1] (before offset) have been calculated using the WRI/WBCSD Greenhouse Gas Protocol. Scope 2 emissions principally relate to electricity and heat and Scope 3 emissions principally relate to travel. Scope 3 emissions accounted for 76% of emissions (2014: 83%).

The Company's Strategic report is set out on pages 2 to 33 of the Annual Report, and is comprised of the Introduction, Strategy and Business review.

The Strategic report outlines our performance against our strategic objectives, performance and financial position, as well as our outlook for the future.

The Strategic report was approved by the Board on 15 June 2015 and signed on its behalf by:

James Wood-Collins
Chief Executive Officer

1 Gross emissions data relates to the calendar year preceding the given financial year end.

Board of Directors

Neil Record (61)
Chairman

Neil Record founded Record in 1983 and has been its principal shareholder and 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.

Nomination Committee

James Wood-Collins (43)
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 (68)
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 previously the Senior Independent Director of Brit Insurance Holdings plc and Chairman of Drive Assist Holdings Limited. He is Chairman of the Guernsey Financial Services Commission.

Audit and Risk Committee (Chair)

Nomination Committee

Remuneration Committee

Andrew Sykes (57)
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 Chairman of SVG Capital plc and Smith & Williamson Holdings Limited and a Non-executive Director of Gulf International Bank (UK) Limited.

Audit and Risk Committee

Nomination Committee

Remuneration Committee (Chair)

Leslie Hill (59)
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 (52)
Chief Investment Officer

Bob Noyen joined Record in 1999 with responsibility for Investment and Research. He has spent 16 years at Record and previously worked as Assistant Treasurer for Minorco (part of Anglo American plc).

Steve Cullen (46)
Chief Financial Officer

Steve Cullen joined Record in October 2003, and was appointed to the Board and made Chief Financial Officer in March 2013. Prior to joining Record, he qualified as a Chartered Accountant in 1994 and gained 15 years of audit experience within practice. Prior to being appointed to the Board, Steve led the Finance team, reporting directly to the Chief Financial Officer, for over 9 years and was part of the internal management team at Record involved in the preparation for admission to trading on the London Stock Exchange in December 2007.

David Morrison (56)
Non-executive Director

David Morrison was appointed as a 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. He is currently Chairman of Snoozebox Holdings plc, and is also on the Board of PayPoint plc and several private companies with which Prospect is associated.

Audit and Risk Committee

Nomination Committee (Chair)

Remuneration Committee

All of the Directors served throughout the year ended 31 March 2015, and to date.

Corporate governance report

"With input from my fellow Board members and the Group's highly experienced management team I believe that we have put in place a robust governance framework which allows us to deliver a world-class service to clients and ultimately generate long-term value for shareholders."

Neil Record
Chairman

The long-term growth and success of the Record plc Group has been underpinned by the Group's strong corporate governance practices which have been honed within the Group since I first started the business back in 1983.

We face challenges ahead next year with the search for two new independent directors to replace Cees Schrauwers and Andrew Sykes who have both made a valuable contribution to the business strategy and governance processes since their appointment in November 2007. This selection process is now well underway and I am confident that we will be able to identify and attract high calibre candidates who will bring new strengths and insights to the business.

The UK and global regulatory and governance environments continue to evolve at a rapid pace and while the Board and I are confident that the Group's governance arrangements continue to be effective this will continue to be an area of focus for the foreseeable future.

Corporate culture

Record has a longstanding culture of striving to put the interests and needs of our clients first and this belief is encouraged and deeply embedded within all business functions. The Board has worked hard to ensure that the importance of client focus through diligence, transparency, accountability and probity has been disseminated to all staff, contractors and consultants across the Group.

The UK Corporate Governance Code

The Board has adopted the principles established in the UK Corporate Governance Code September 2012 and its previous versions (all referred to as "the Code") since its Admission to the Official List of the UK Listing Authority in December 2007.

Listed companies are required under the Financial Conduct Authority Listing Rules either to comply with the provisions of the Code or explain to investors in their next annual report why they have not done so.

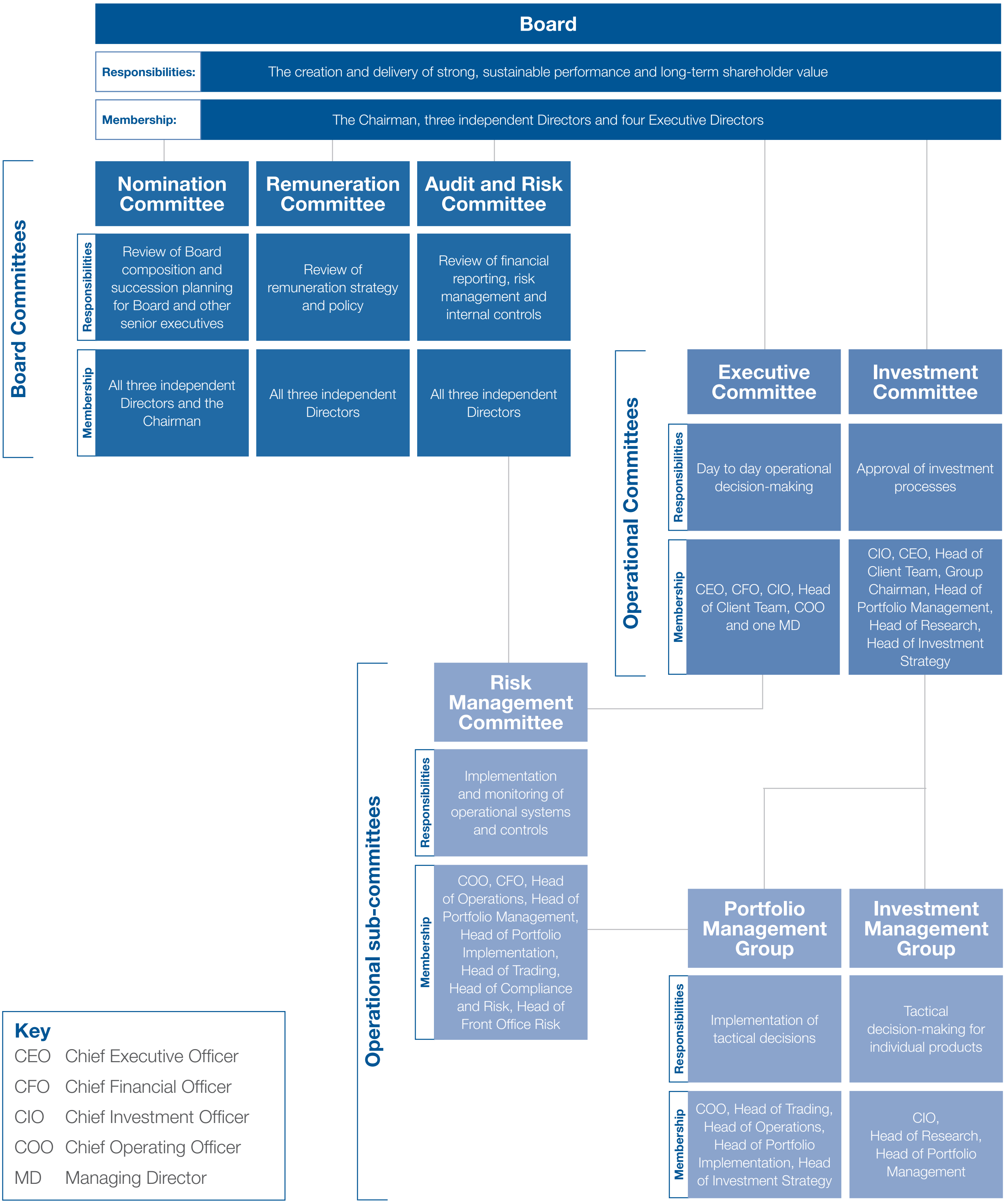
As a non-FTSE 350 company Record plc is classed as a smaller company under the Code. The Group has been in compliance with the Code since Admission, except in particular limited circumstances where the provisions apply specifically to FTSE 350 companies. In all such instances Record plc has reviewed the appropriateness of the provisions to determine whether they should be applied or if departure is justified. Such departures are fully explained below.

The latest version of the Code was released in September 2014 and will apply to all Premium Listed companies for accounting periods beginning on or after 1 October 2014. The new revised Code will therefore be first applicable for Record plc for the year ending 31 March 2016. The Company Secretary together with the Chief Financial Officer and the Head of Compliance and Risk have conducted a detailed gap analysis to identify where new Code requirements are not currently being met. No significant issues have been identified and it is anticipated that Record plc will continue to be in compliance with the Code going forward.

Corporate governance framework

The Board has established a number of committees and sub-committees to ensure robust corporate governance practices throughout the business. The Board is confident that this structure is appropriate and that the delegation of responsibilities allows the business to operate in a systematic manner but respond rapidly when issues arise.

The diagram below illustrates the Group's core governance framework and how authority is delegated down from the Board.



Corporate governance report continued

The Board of Directors

Board responsibilities

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

- determining the Group's long-term strategy and objectives;
- significant capital expenditure;
- the Group's annual and interim reports and preliminary announcements;
- setting interim dividend and recommendation of final dividend payments;
- effectiveness of internal controls;
- authorisation of Directors' conflicts or possible conflicts of interest; and
- communication with shareholders and the stock market.

Board membership

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, James Wood-Collins (Chief Executive Officer), Steve Cullen (Chief Financial Officer), Bob Noyen (Chief Investment Officer) and Leslie Hill (Head of Client Team).

There were no new appointments to the Board during the year ended 31 March 2015.

The division of responsibilities between Chairman and Chief Executive Officer is clearly established, formally documented and agreed by the Board. 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. Neil Record is a Non-executive Chairman, although he is not considered to be independent.

The Board is not comprised of a majority of Non-executive Directors as required by the Code for FTSE 350 companies but 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 given the current size and structure of the business.

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 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.

Re-election of directors

Under the Code, all directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance. The Code states that all directors of FTSE 350 companies should be subject to annual election by shareholders. All other directors should be subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election at the Annual General Meeting thereafter at intervals of no more than three years.

Under the Company's Articles of Association, the minimum number of Directors shall be two and the maximum shall be twelve. Directors appointed by the Board must offer themselves for election at the next Annual General Meeting of the Company following appointment but they are not taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting. The minimum number of Directors who should retire by rotation is one third.

The Board has reviewed these provisions in the Articles alongside the recommendations of the Code and has determined that, given the size and structure of the business, the Articles are appropriate and annual re-election is unnecessary.

Conflicts of interest

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 Group'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 their duty under company law. 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. All existing external appointments for each Director were considered and authorised by the Board in September 2014 as part of this annual review.

Board member diversity

At present the Board has one female member in a board of eight. It is the Board's aim to maintain a diverse mix of skills, experience, knowledge and background across its members to ensure that the Board operates effectively. The Board's opinion is that the current composition of members meets these criteria and is therefore appropriate for the business at this time. The current search for two new independent directors and any future executive director succession planning will take into account the benefits of diversity including gender diversity as set out in the Company's Board Diversity Policy. Gender diversity of the workplace is analysed on page 33.

Board meetings

The Board met six times between 1 April 2014 and 31 March 2015 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 documents 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 twice yearly offsite strategy meetings and special meetings as required to address specific issues. Any concerns raised by Directors which are not resolved are recorded in the Board minutes. No such matters were noted during the year ended 31 March 2015.

Meetings in the year	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Total	6	6	7	4
N Record	6/6	n/a	n/a	3/4
C Schrauwers	6/6	6/6	7/7	4/4
A Sykes	6/6	6/6	7/7	4/4
D Morrison	6/6	4/6	7/7	4/4
J Wood-Collins	6/6	n/a	n/a	n/a
S Cullen	6/6	n/a	n/a	n/a
L Hill	6/6	n/a	n/a	n/a
B Noyen	6/6	n/a	n/a	n/a

Board performance evaluation

The Board is required by the Code to undertake an annual evaluation of its performance. The Code states that "evaluation of the board should consider the balance of skills, experience, independence and knowledge of the company on the board, its diversity, including gender, how the board works together as a unit, and other factors relevant to its effectiveness".

The Code recommends that evaluation of the board of FTSE 350 companies should be externally facilitated at least every three years. The Board agreed that an external evaluation of performance was not necessary at the current time and that a group discussion with all members present would be an efficient way to canvas opinions. Members were also invited to approach the Chairman or Company Secretary with any individual concerns or comments they may have. No concerns were raised directly to the Chairman or the Company Secretary.

The group discussion took place in March 2015 and focused on the following areas:

- board composition and quality;
- understanding the business and its risks;
- understanding of the business strategy and setting strategy;
- board meetings;
- oversight of the financial planning and reporting process;
- compliance and controls;
- sub-committee effectiveness;
- areas for improvement; and
- board member training.

The comments made during this meeting were recorded by the Company Secretary and collated into a report which documented the observations made and assessed the activities and achievements of the Board and its committees during the period under review. The review of the comments made during the evaluation process identified no serious concerns over the functioning of the Board, its members or its committees. A number of objectives for Board performance improvement over the short term have been set.

It is the responsibility of the Chairman and Company Secretary to ensure these initiatives for improvement are implemented over the coming months.

Individual appraisal of each Director's performance is undertaken by the Chief Executive Officer and the Chairman. The Non-executive Directors, led by Cees Schrauwers, the Senior Independent Director, carry out an appraisal of the performance of the Chairman. The outcome of these appraisals in 2015 was positive and all roles were considered to be undertaken successfully.

Board committees

The Board has established three Board committees and delegated authority to each committee to enable it to execute its duties appropriately. The annual reports of the three committees provide a statement of each committee's policies and procedures and their activities in the year:

- Nomination Committee – report set out on page 42;
- Audit and Risk Committee – report set out on pages 43 to 45; and
- Remuneration Committee – report set out on pages 48 to 60.

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.

The work undertaken by the Audit and Risk, Remuneration and Nomination Committees was reviewed by Cees Schrauwers the Senior Independent Director, together with Andrew Sykes and David Morrison to assess each committee's effectiveness during the year, the results of which were reported to the Board by each Committee Chairman. The reviews concluded that the committees were operating in an effective manner and no concerns were raised.

Corporate governance report continued

Operational Committees

Executive Committee

The Board has delegated responsibility for the day to day operation of the business within defined delegated authorities to this Committee. This Committee comprises the four Executive Directors, the Chief Operating Officer and a Managing Director. Regular attendees of meetings held include the Head of Compliance and Risk and the Head of Human Resources. The Committee meets formally once a month and holds weekly operational update meetings. Standing agenda review items for formal meetings include clients and client prospects, the management accounts, departmental KPI data, compliance issues, projects and resourcing. Operational policy documents are regularly reviewed by the Committee prior to formal approval by the Board or the appropriate Board Committee. Minutes of all meetings are circulated to the Board for review and comment.

Investment Committee

The Board has delegated the responsibility for authorising changes to existing investment processes and for approving new investment strategies to this Committee. The Committee consists of the Chief Investment Officer, the Chief Executive Officer, the Head of Client Team, the Group Chairman, the Head of Portfolio Management, the Head of Economic Research and FX Strategy and the Head of Investment Strategy. The Committee meets as necessary responding both to internal and external developments. Reports on the activities of the Committee are presented at each formal Board meeting for review and comment.

Operational Sub-Committees

Risk Management Committee

The Audit and Risk Committee has delegated to the Risk Management Committee the task of overseeing and mitigating risks arising across the activities of Record Currency Management Limited, the regulated entity with the Group. The Chief Operating Officer, the Chief Financial Officer, the Head of Operations, the Head of Portfolio Management, the Head of Portfolio Implementation, the Head of Trading, the Head of Compliance & Risk and the Head of Front Office Risk are all members of the Committee. The Committee meets at least once a month as necessary and at each meeting considers the following:

- operational risk;
- credit risk;
- regulatory risk;
- reputational risk;
- regulatory developments;
- error and incident management; and
- new business and product risks.

The minutes of the Risk Management Committee are circulated to the Audit and Risk Committee and a report is presented by the Chief Operating Officer at each Audit and Risk Committee meeting.

Investment Management Group

The Investment Committee has granted the Investment Management Group the authority to make certain decisions to override systematic investment processes and manage discretionary investment processes. The Investment Management Group consists of the Chief Investment Officer, the Head of Portfolio Management and the Head of Economic Research and FX Strategy. The Group meets as necessary and minutes are circulated to the Portfolio Management Group, the Investment Committee and the Risk Management Committee once approved and are additionally available for inspection by the Board and Executive Committee.

Portfolio Management Group

The Investment Committee has granted the Portfolio Management Group the authority to implement tactical investment decisions as instructed by the Investment Management Group. The Portfolio Management Group consists of the Chief Operating Officer, the Head of Portfolio Implementation, the Head of Trading, the Head of Operations and the Head of Investment Strategy and is chaired by the Head of Trading. The Group meets as frequently as necessary to fulfil its obligations and minutes are available to the Investment Management Group, Risk Management Committee and Investment Committee, the Executive Committee and the Board.

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 delegated the authority to the following committees and senior personnel to implement and apply those policies:

- the Audit and Risk Committee;
- the Executive Committee; and
- the Investment Committee.

The Board seeks ongoing assurance from these 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 and principal risks is provided on pages 27 to 31 of the Strategic Report.

The Audit and Risk Committee has undertaken a review of the effectiveness of internal controls for the year ended 31 March 2015 and is satisfied that the internal control environment is appropriate (see 'Internal controls and risk management' on page 44).

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report and Directors' report, the Remuneration 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 to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. 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 judgements 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.

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 and the Remuneration report 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.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order 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 preparing the Annual Report in accordance with applicable law and regulations. The Directors consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable.

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 Group financial statements, prepared in accordance with IFRSs as adopted by the European Union, 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 Annual Report, including the Strategic 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
15 June 2015

Steve Cullen
Chief Financial Officer

Nomination Committee report

Role of the Committee

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.

When considering possible candidates, the Committee evaluates the skills, knowledge and experience of the candidates and, in the case of non-executive appointments, their other commitments. The Committee is mindful of the benefits of a diverse board with a broad range of skills and experience.

Committee membership

The Committee has been chaired by David Morrison since March 2010 and he is supported by the two other Non-executive Directors and the Group Chairman.

Committee meetings

The Committee met on four occasions during the year ended 31 March 2015 and invited the Chief Executive Officer, Company Secretary and the Head of Human Resources to join the meetings as they considered appropriate.

Key committee activities

Independent director search

The principal focus has been on appointing two new independent directors to replace Cees Schrauwers and Andrew Sykes who will no longer be deemed to be independent from November 2016.

Considerable discussion took place between the Directors in late 2014, both formally and informally, about the skills required for the two independent director roles. Job descriptions and person specifications were prepared and tailored to reflect the requirements for roles on the Audit and Risk Committee and Remuneration Committee. It was agreed that the search objective should be to identify two independent directors by the end of 2015.

The Committee agreed that a sub-committee comprising David Morrison and Neil Record should have delegated responsibility for initiating the search process and selecting an external search consultancy.

Following a review of a shortlist of search firms, Norman Broadbent was appointed in March 2015 as an independent advisor to conduct the search. Norman Broadbent has had detailed discussions with David and Neil regarding the roles and has also met with the Chief Executive Officer and the Chief Financial Officer to gain an insight into the activities of the Group.

A shortlist of candidates has been identified. The candidates will meet all members of the Board as part of the selection process. The Board will consider more than two appointments should sufficient high calibre candidates present themselves. Any appointment made will be subject to regulatory approval by the FCA.

Succession planning

The Committee continues to consider what additional skills are needed on the Board and is keen to consider the appointment of suitable external candidates should they present themselves.

During the year, management put forward a proposal to attract, recruit and retain graduate talent, with client focused and sales skills and to nurture these individuals to become future executives. The Committee is supportive of such a strategy and encouraged management to pursue this long-term approach to succession planning.

Board membership

In 2014/15 the Committee also reviewed the following:

- the current composition of the Board;
- the time commitment required of the Non-executive Directors; and
- proposals for the rotation and re-election of Directors at the Annual General Meeting.

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chairman of the Committee in May 2015. The conclusion was that the Committee was effective in carrying out its duties.

Annual General Meeting

Andrew Sykes and David Morrison are due to retire by rotation and stand for re-election at the 2015 Annual General Meeting. The Committee met without Andrew and David being present and reviewed the Directors standing for re-election, taking into account their effectiveness and commitment. The Committee agreed that Andrew and David continue to make an effective contribution to the Board's deliberations and accordingly the Committee has recommended the Board approve a resolution in respect of their re-election by shareholders.

Following changes to the Listing Rules in May 2014, the appointment of independent directors must be approved by a simple majority of all shareholders and by a simple majority of the independent shareholders. Further details are set out in the 2015 Notice of Annual General Meeting.

The Chairman of the Nomination Committee will be available to answer any questions relating to the Committee and its activities at the Annual General Meeting.

David Morrison
Nomination Committee Chairman
15 June 2015

Audit and Risk Committee report

This Audit and Risk Committee report sets out the role of the Committee, its membership and the matters addressed during the year.

Role of the Committee

The Audit and Risk Committee aims to provide effective governance over risk management and external financial reporting through the monitoring of the integrity of the financial statements and the review of the Group's internal controls and risk management systems. Its findings, conclusions and recommendations are regularly put to the Board.

The Committee duties include:

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

The full terms of reference of the Committee comply with the UK Corporate Governance Code ("the Code") and are available on the Group'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.

Membership of the Committee

The Committee currently comprises the 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); and
- 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 regarding audit committee membership.

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

Committee meetings

The Committee met six times during the year ending 31 March 2015, being four quarterly meetings plus two additional meetings ahead of results announcements. All meetings were also attended by the Head of Compliance and Risk, the Chief Financial Officer and the Chief Operating Officer. The Chief Executive Officer attended three meetings to explain draft market announcement commentary. The internal audit partner was present at five meetings and the external audit partner attended two meetings. Two further meetings have been held since the year end.

On one occasion the Committee met with the Group's auditor with no executive management present, providing an opportunity for the external auditor to raise matters of concern in confidence. No such points were raised by the auditor.

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

- 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;
- considering the risk appetite statement, 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 2015 financial statements;
- evaluating the performance of the external auditor and making recommendations to the Board for a resolution to be put to the shareholders to approve the re-appointment of the external auditor; and
- review and approval of the terms of reference for committees to which the Committee has delegated certain responsibilities.

Audit and Risk Committee report continued

Standing items on the agenda for Audit and Risk Committee meetings included the following:

- regular reports given by the Head of Compliance and Risk reviewing internal compliance and risk management activities and issues and also highlighting relevant global regulatory developments which will/may impact the Group;
- review of a high level 'Risk Map' to ensure that key risks and risk movements are identified and addressed;
- a report from the internal auditor highlighting progress made against the agreed internal audit plan, and incorporating the status of management's response and actions to observations and recommendations made; and
- review of Risk Management Committee meeting minutes with a summary activity report given by the Chief Operating Officer as chairman of the Risk Management Committee.

During the year the Audit and Risk Committee Chairman met separately with the key people involved in the Company's governance, including the Board Chairman, the Chief Executive Officer, the Chief Financial Officer, the external audit lead partner and the internal audit lead partner to obtain updates and insights into business activities.

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

Key Committee activities

Corporate culture

The Committee has considered the corporate culture of the Group and has recognised that the tone is set from the top and that the business has an open, honest, risk-aware and collegiate environment which is client-centric. The Committee agrees that this culture underpins the good corporate governance practices the Board has implemented and oversees and that the corporate culture continues to reflect the Board's long-term vision of client focus.

Financial reporting

The Committee reviews the half-year and annual results and the Annual Report, before recommending them to the Board for approval. During the year, the Committee has considered the financial and regulatory reporting issues and judgments made in connection with the financial statements and the appropriateness of accounting policies. In particular, the Committee considered management reports providing an assessment of the internal controls environment and going concern. Whilst no judgmental issues are significant in isolation, the Committee is satisfied that all judgments made by management which affect financial reporting have been made in accordance with the Group's accounting policies.

Key controls in Finance are subject to external audit as well as being periodically tested by internal audit. The Committee also considers reports from the external auditor, Grant Thornton UK LLP, providing an independent assessment of financial reporting, an audit opinion on the Annual Report and an independent report on the half-year results.

The Committee is satisfied that the financial reporting control framework, including the operation of a Group-wide general ledger, consolidation system and preventative and detective controls, operated effectively after considering reports from both management and from Grant Thornton UK LLP who provided an independent assessment of financial reporting, an audit opinion on the Annual Report and an independent report on the half-year results.

The Committee has reviewed the narrative statements in the report and accounts to ensure that they were reasonable and consistent with the reported results, and also the auditor's findings report which identified no significant issues.

The Committee was satisfied with the content of the Annual Report and confirmed there were no significant issues or concerns to be addressed. They therefore unanimously recommended that the Annual Report be approved by the Board.

Internal controls and risk management

A significant part of the work of the Committee is in providing 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 considered and addressed by the Committee and that movements in risks and business impact are identified promptly so that appropriate action can be taken.

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 by Deloitte LLP under an outsourcing contract which commenced in May 2010. Deloitte LLP report directly to the Committee and the relationship is subject to periodic review.

The Committee and its internal auditor have developed an annual audit plan to ensure that the audit work performed focuses on significant risks. The plan includes a number of cyclical reviews of key operational functions together with thematic reviews and ongoing internal audit activities to monitor Committee reporting and meeting minutes. This ensures that, while there is focus on areas deemed to be higher risk, all parts of the business are covered over a three-year cycle. The plan is reviewed on a periodic basis to ensure that it is adapted as necessary to any changes in the Group's risk profile.

The Committee has received regular reports on the programme of reviews and internal audit findings at each of its meetings during the course of the year. The Committee has reviewed the findings and recommendations made by the internal auditor and has ensured that any issues arising are appropriately resolved by management in an efficient and timely manner.

The Committee is satisfied with the internal audit work conducted by Deloitte LLP and the coverage and standard of the reports produced. The Committee is content that sufficient and appropriate resources are dedicated to the internal audit function and this has been reported to and noted by the Board.

External audit

The Audit and Risk Committee is committed to ensuring the quality and effectiveness of the external audit process. Grant Thornton UK LLP ("Grant Thornton") is currently engaged to perform the external audit function and has been retained in this role since the Company was admitted to the Official List of the UK Listing Authority in December 2007. During this time the lead engagement partner has been rotated twice.

The Committee has agreed the external auditor's fees and reviewed and accepted the terms of the audit engagement letter.

The Committee has reviewed reports from the external auditor on their audit plan (including their proposed materiality level for the performance of the annual audit), the status of their audit work and issues arising from it. Particular focus was given to their testing of internal controls, their work on the key judgment areas and possible audit adjustments. The Committee has confirmed that no material items remained unadjusted in the financial statements.

Each year, following the annual audit, the Committee evaluates the performance of the external auditor. In May 2015 the Audit and Risk Committee members met with senior management within the Finance Team to review the audit process, focusing on the following areas:

- the audit team;
- audit planning, scope and risk identification;
- communications by the auditor;
- auditor's independence and objectivity; and
- formal reporting.

There were no significant adverse findings from the 2015 evaluation and the Committee concluded that Grant Thornton continued to provide an external audit service which is appropriate for the Group given its size and structure.

External auditor independence

The Audit and Risk Committee has considered the level and nature of non-audit services provided by the external auditor, Grant Thornton. The Audit and Risk Committee operates a policy covering the provision of non-audit services by the external auditor, to ensure that the ongoing independence and objectivity of the external auditor is not compromised.

This policy restricts the nature and value of non-audit services that can be provided by the external auditor and sets the requirement that permitted services above a pre-determined limit should be approved by the Committee before the assignment is undertaken.

The Committee was satisfied that the quantity and type of non-audit work undertaken during the year did not impair Grant Thornton's independence or objectivity and that their appointment for these assignments was in the best interest of the Group and its shareholders due to Grant Thornton's pre-existing knowledge of the Group's operations and practices.

The Committee is satisfied that the external auditor continues to maintain independence and objectivity and has recommended to the Board that a resolution be put to shareholders for the re-appointment of the auditor at the Annual General Meeting of the Company.

During the year the total fees relating to Grant Thornton were:

	2015 £'000	2014 £'000
Audit services:		
Annual audit of the Company	**44**	36
Audit of the Group's subsidiaries	**42**	39
Total audit services	**86**	75
Non-audit services:		
Tax advisory and compliance services	**10**	12
Interim accounts review	**21**	21
Assurance services	**44**	41
Total non-audit services	**75**	74
Total fees	**161**	149
Percentage of audit fees to total fees:	**53%**	50%

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chairman of the Committee in April 2015. The review was based on discussions with Board members, the internal audit partner and the external audit partner. The conclusion was that the Committee was effective in carrying out its duties.

Annual General Meeting

The Chairman of the Audit and Risk Committee will be available to answer any questions relating to the Committee and its activities at the Annual General Meeting.

Approved by the Committee and signed on its behalf by:

Cees Schrauwers
Audit and Risk Committee Chairman
15 June 2015

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Principal activity and business review

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

The Company is required to set out in this report a fair review of the business of the Group during the financial year ended 31 March 2015 and of the position of the Group at the end of that financial year and a description of the principal risks and uncertainties facing the Group (referred to as the business review). The information that fulfils the requirements of the business review is contained in the following sections of the Annual Report:

- Chairman's statement on pages 2 and 3;
- Chief Executive Officer's statement on pages 4 and 5;
- Strategic report on pages 6 to 33;
- Board of Directors on pages 34 and 35;
- Corporate governance report on pages 36 to 40; and
- Directors' statement of responsibilities on page 41.

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 63.

The Directors recommend a final dividend of 0.90p per ordinary share for the year ended 31 March 2015. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 29 July 2015 to shareholders on the register at the close of business on 26 June 2015. The shares will be quoted ex-dividend from 25 June 2015.

The Company paid an interim dividend of 0.75p per share on 19 December 2014 to shareholders on the register on 28 November 2014.

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 18 to the financial statements.

At its Annual General Meeting in 2014, 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 2015:

	Number of ordinary 0.025p shares held	Percentage interest
Neil Record	70,980,711	32.06%
Schroders plc	37,291,870	16.85%
Leslie Hill	15,420,820	6.97%
Bob Noyen	9,024,616	4.08%
Mike Timmins	6,872,655	3.10%

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 17 June 2014 to 15 June 2015 the Company received two notifications in accordance with DTR 5 disclosing changes to voting interests in its ordinary share capital as follows: Schroders plc on 19 June 2014 reporting a shareholding of 17.91% at that date and Schroders plc again on 19 February 2015 reporting a shareholding of 16.98% at that date.

Controlling shareholder

Under the UKLA Listing Rules Neil Record is deemed to be a controlling shareholder, as he exercises control over more than 30% of the voting rights in the Company. With effect from 16 May 2014 premium-listed companies were required to establish a legally binding relationship agreement by 16 November 2014 to govern interactions between the Company and a controlling shareholder. The Company already had a relationship agreement in place with Neil Record dated 28 November 2007. An amendment to this agreement was approved by the Board and signed by Neil Record on 2 October 2014 in order to ensure full compliance with the new Listing Rules.

Directors

The Directors of the Company who held office during the year and to date are listed on pages 34 and 35. Directors' remuneration and Directors' interests in Record plc shares are disclosed in the Remuneration report.

Restrictions on transfers of shares

Under the terms of the Record plc Group Profit Share 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 is subject to any vesting or forfeiture provisions but all are subject to lock-up arrangements and the individual is entitled to full rights in respect of these shares. 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 19 to 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 Conduct 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 21 to the accounts.

Financial reporting controls

The Chief Financial Officer is responsible for managing the financial controls framework. The framework requires control owners to perform key preventative and detective controls and follow documented processes to ensure that proper accounting records are maintained and that financial information used by the business is reliable and free from material misstatement.

Related party transactions

Details of related party transactions are set out in note 24 to the financial statements.

Post-reporting date events

As set out in note 27 to the financial statements, there were no post-reporting date events.

Going concern

The Company and Group have considerable financial resources and the Directors believe that both are well placed to manage their business risks successfully. Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Business Review on pages 16 to 26.

The Group performs regular cash flow forecasting, and stress testing performed as part of the Internal Capital Adequacy Assessment Process ("ICAAP") which project forward up to four years. After reviewing the Group's financial position, cash flow forecasts, and the ICAAP the Directors have a reasonable expectation that the Group and Company will be able to continue to operate and meet its liabilities as they fall due for the foreseeable future (over the next twelve months and beyond) 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.

Political donations

It is the Group's policy not to make political donations and accordingly no such donations have been made during the period under review.

Environment

The Group's environmental policies and the disclosures required by SI 2008/410 Sch7.15-20 are provided in the Corporate Social Responsibility section on pages 32 and 33.

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. The Group has appropriate Directors' and Officers' insurance in place.

Auditors

Grant Thornton UK LLP (the "auditor") has indicated their willingness to continue as auditor, and a resolution will be proposed at the Annual General Meeting to re-appoint them as auditor of the Company in accordance with section 489 of the Companies Act 2006, and to authorise the Directors to determine their remuneration for the current year.

Investor relations

During the year the 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 Board and the chairmen of each of the Board Committees will be available to answer questions put to them by shareholders of the Company at the 2015 Annual General Meeting.

2015 Annual General Meeting

The 2015 Annual General Meeting of the Company will be held at 10.00 am on 23 July 2015 at the Company's registered office at 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 the attached Notice of Annual General Meeting.

Approved by the Board and signed on its behalf by:

Joanne Manning
Company Secretary
15 June 2015

Remuneration report

Our remuneration policy is designed to act in the interests of all our key stakeholders: our clients, shareholders, employees and regulators.

Remuneration Committee Chairman's summary statement

Record plc has a well-established approach to remuneration which has evolved over a number of years and has been communicated explicitly to shareholders, both in discussions and through the publication of our remuneration policy last year. Our Company's culture, governance and risk management processes underpin our principles of reward, which are aligned with providing the best possible client service, and are designed to support the creation of long-term shareholder value.

Our remuneration structure links reward with performance in a straightforward and transparent way and is designed to incentivise our colleagues to work as a team, delivering sustained business and investment performance consistent with the Company's strategic goals. Our remuneration policy is designed to act in the interests of all our key stakeholders: our clients, shareholders, employees and regulators.

Our remuneration policy was approved by shareholders last year for three years and we are not proposing any major changes to our remuneration structure for this year.

It remains the Group's policy to link the value of profit share to the Group's profitability. The Group Profit Share Scheme pool value for the year ending 31 March 2015 was again 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 medium-term average of 30% of pre-Profit Share EBIT.

In line with our policy of promoting alignment between the interests of senior management and shareholders, the Group Profit Share Scheme for Directors requires at least one third of any variable remuneration to be taken as shares, which are locked up for a period of up to three years. The Director may elect to take a further third of any award in shares, with the elected shares attracting a further element of matching.

The Record Group Share Scheme provides the opportunity for Executive Directors to be awarded share options, subject to defined limits, to enhance their ability to acquire an appropriate level of equity ownership. Share option awards were made to all of the Executive Directors during the year in accordance with the terms and objectives of the Share Scheme.

With the move towards higher fixed remuneration in the financial services industry, all staff have been awarded an exceptional 10% salary increase, with effect from 1 May 2015. This was separate from and in addition to the normal pay review round in April which resulted in a general increase of 3%.

One of the Executive Directors received both of these salary increases, while the other three have only been awarded the exceptional increase of 10%. The Committee considers that the Executive Directors' salaries are now at the appropriate level and to provide some context, after the recent increases, an Executive Director's salary now is just 2% higher than it was seven years ago, having seen a previous 10% decrease in December 2011.

The vast majority of our colleagues are shareholders and have a personal and vested interest in the long-term success of Record plc through equity ownership and the majority of shares in Record are currently owned by employees. Whilst this situation may diminish over time, a significant proportion of the shares in Record plc will, for the foreseeable future, continue to be owned by employees.

It remains our policy to discuss any significant proposed changes to the Group's remuneration structure with key external shareholders in advance of any implementation.

Our policy is set out below and the annual report on remuneration (excluding the directors' remuneration policy) will be submitted to shareholders for approval at the AGM on 23 July 2015.

Andrew Sykes

Andrew Sykes
Remuneration Committee Chairman
15 June 2015

Directors' remuneration policy

This part of the Directors' remuneration report sets out the remuneration policy for Directors of the Company, which was approved by shareholders at the AGM in July 2014.

The policy begins with an overview, followed by the Executive Director and Non-executive Director remuneration policy tables and then an outline of the remuneration structures that we have in place.

Policy overview

The remuneration structure for the Executive Directors is designed to incentivise the delivery of sustained performance consistent with the Group's strategic goals and appropriate risk management, and to reward success in doing so.

The Executive Directors play key roles in the management of the Group, whilst also having hands-on responsibility for major client relationships and portfolio management. The Group's remuneration policy and structure are designed to reflect these combined roles.

The Group's remuneration policy for Executive Directors is to provide a base salary and participation in the Group Profit Share Scheme and Group Share Scheme, seeking to give a high proportion of the total annual remuneration in the form of variable compensation, which is directly linked to the profitability of the Group.

Remuneration of Executive Directors is determined within the limits of the Company's Articles of Association whilst remuneration of the Non-executive Directors is determined by the Chairman.

The table below sets out the remuneration policy for Executive Directors and the key elements of the remuneration policy for Non-executive Directors are set out separately.

Element, purpose and link to strategy	Operation, performance measures, deferral and claw back	Further information
Base salary To pay a salary that reflects the role, responsibilities, experience and knowledge of the individual, ensuring that the salary paid is competitive with other employers in our industry.	Salaries are paid monthly through the payroll and reviewed annually by the Remuneration Committee. Any review will take into account market rates, business performance and individual contribution. There is no prescribed maximum salary. However, increases are expected to normally be in line with the typical level of increase awarded across the Group, except under certain circumstances such as: • a new Executive Director is appointed at lower than typical market salary to allow for growth in the role; • larger increases in salary may be awarded to position salary closer to market levels as experience increases; • higher increases may be awarded to reflect an increase in responsibilities or promotion; and • where there has been a significant change in market practice.	Executive Directors' salaries are reviewed annually but historically have been adjusted infrequently. In line with the general level of increase for all staff, a salary increase of 10% has been awarded to all of the Executive Directors from 1 May 2015. In addition, one Executive Director received a 3% increase in April, in line with other staff. No other Executive Directors received this increase.
Benefits To provide a benefit package that provides for the wellbeing of our colleagues.	Executive Directors receive a range of benefits including, but not limited to, private medical insurance, permanent health insurance, life assurance, personal accident insurance and annual holiday. There is no maximum level of benefit – the overall level of benefits will depend on the cost of providing individual items and on the individual's circumstances.	There is the option to exchange medical insurance for the cash equivalent for all staff, including Executive Directors. In May 2015, a dental insurance benefit has been added, which is available to all staff including Executive Directors. Benefit schemes are reviewed on an annual basis to ensure that the costs and service of the schemes are appropriate.
Pension To provide an appropriate retirement income.	Executive Directors are entitled to join the Group Personal Pension Scheme. This is a defined contribution plan to which the Group makes contributions of up to 13% of each Director's salary which can be paid into the Group Personal Pension Scheme, taken as cash or a combination of the two. A core contribution of 3% employer contributions will be paid into the Director's scheme unless they have exceeded the lifetime allowance and a further 10% can be paid as employer's pension contributions, taken as cash or a combination of the two. The Group also matches any contributions made by a Director up to a further 2.5%, depending on the level of flexible and personal contributions made by the Director.	Executive Directors can choose to take employer pension contributions as taxable salary if they can no longer make contributions due to the lifetime allowance conditions.

Remuneration report continued

Element, purpose and link to strategy	Operation, performance measures, deferral and claw back	Further information
Group Profit Share To reward individual and collective performance, aid retention and to align interests with those of our shareholders.	The Group Profit Share Scheme is based on pre-tax profitability of the business for the financial year and is paid semi-annually. Executive Directors are eligible to participate in the Group Profit Share Scheme, together with all staff. The Remuneration Committee sets the quantum of the Scheme with the intention of maintaining this at an average of 30% of operating profits. The allocation of the Profit Share pool is determined by the Remuneration Committee for Executive Directors and is based on the role and performance of the individual Director. Whilst the profit share pool is capped based on the profitability of the Group and range stated above, there is no individual maximum entitlement set within this limit. Executive Directors are required to take one third of their payment in shares subject to lock up conditions of one to three years and in addition are offered the opportunity for up to a further third of the Profit Share to be paid in shares which will attract matching shares and will also include a lock up for three years. The remaining amount will be paid in cash. Claw back provisions are in place in the event of adverse restatement of accounts or material misconduct, at the discretion of the Remuneration Committee.	The profit share scheme range is capped at 25% to 35% of operating profits with the intention of this being an average of 30%. Key features of the scheme may be amended to the advantage of Executive Directors only with prior shareholder consent.
Share Scheme To incentivise long-term performance, aid long-term retention and to align interests with those of our shareholders.	Executive Directors are eligible to participate in the Record plc Share Scheme as are all staff. The Share Scheme allows the Remuneration Committee to grant options over up to 2% of the market capitalisation of Record plc (being approximately 4.4 million shares) per annum. Of this total 1% (approximately 2.2 million shares) can be made to Executive Directors. Any share options awarded are subject to a performance condition based on Record's annual EPS growth with vesting proportions directly related to this growth. Claw back provisions are in place for Unapproved Options should there be any restatement of accounts or breach of contract, at the discretion of the Remuneration Committee.	Share options were awarded to all of the Executive Directors this year, using all of the 1% allocation. The Remuneration Committee limit the value of shares over which an option is granted to any Director in any year to a maximum of 200% of that Director's salary for that year. Key features of the scheme may be amended to the advantage of Executive Directors only with prior shareholder consent.
Share Incentive Plan To incentivise long-term performance, aid long-term retention and to align interests with those of our shareholders.	The Group has an HMRC-approved Share Incentive Plan (SIP). Executive Directors are able to buy shares from pre-tax salary up to an HMRC approved limit (£1,800 for the financial year ended 31 March 2015), which is matched at a rate of 50%.	

Remuneration Policy for the Chairman and Non-executive Directors

The table below sets out the remuneration policy for the Chairman and Non-executive Directors.

Element, purpose and link to strategy	Operation, performance measures, deferral and claw back	Further information
Salary / Fees To pay a salary / fee that reflects the role, responsibilities, time, experience and knowledge of the individual, ensuring that the salary / fee paid is competitive with other employers in our industry.	Salaries and fees are reviewed annually. Any review will take into account market rates, business performance and individual contribution. Whilst there is no prescribed maximum salary / fee, increases are expected to normally be in line with the typical level of increase awarded across the Group. Salaries and fees in the year were: • Chairman: £70,000; • Senior Independent Director: £69,525; and • Non-executive Directors: £37,080.	The Chairman's salary is recommended by the Remuneration Committee and approved by the Board. The Chairman does not participate in the Group Profit Share Scheme nor the Share Scheme. The Non-executive Directors' fees are approved by the Board and they do not participate in the Group Profit Share Scheme nor the Share Scheme. Non-executive Directors' fees are reviewed annually but historically have been adjusted infrequently. The Non-executive Directors received an increase of approximately 3% in April 2015, in line with other staff. The Chairman did not receive this increase. In addition, in line with the general level of increase for all staff, an increase of up to 10% has been awarded to the Chairman and the Non-executive Directors from 1 May 2015.

Element, purpose and link to strategy	Operation, performance measures, deferral and claw back	Further information
Benefits To provide a benefit package that provides for the wellbeing of our colleagues.	The Chairman receives a range of benefits including, but not limited to, private medical insurance, permanent health insurance, life assurance, personal accident insurance and annual holiday.	The Non-executive Directors do not receive any additional benefits although the Board may introduce additional benefits if it is considered appropriate to do so. The Company reimburses the Chairman and Non-executive Directors for reasonable expenses in performing their duties.
Pension To provide an appropriate retirement income.	The Chairman is entitled to join the Group Personal Pension Scheme. Group policy allows any employee over the age of 55 who has taken early retirement according to tax legislation rules to have their standard employer pension contributions paid as additional taxable salary but forego the Group matching contribution. In accordance with this policy, the Chairman receives additional salary equivalent to the standard pension contributions that would normally be paid.	The Non-executive Directors do not receive pension benefits.
Share Incentive Plan	The Chairman and the Non-executive Directors do not participate in the Group Profit Share, Share Scheme, or the SIP Scheme.	

Group Profit Share Scheme

Record operates a Group Profit Share Scheme ("the Scheme"), which allocates a profit share pool to be distributed between all employees of the Group. The Remuneration Committee has the discretion to vary the quantum of the Scheme between 25% and 35% of operating profits, with the intention of maintaining an average level of 30% of operating profits over the medium term.

The Scheme is split into two separate pools, one of which is the Group Profit Share Pool and the other of which is the Matching Pool. The intention continues to be to maintain the Scheme at 30% of operating profits over the medium term and it is intended that the Group Profit Share Pool operates at 27% and the Matching Pool operates at 3% of operating profits.

Since 2007, 30% of operating profit has been distributed to employees each year under the Scheme. The Scheme has also operated at 27% for the Group Profit Share Pool and 3% for the Matching Pool as intended. The continuation of the Scheme remaining at 30% of operating profits has created a transparent and predictable link between variable compensation and profitability, and has aligned the interests of employees with those of our shareholders.

The 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 Scheme is discretionary and employees do not have a contractual right to receive awards. In addition, all payments made to Executive Directors and other Code Staff (those in Significant Influence Functions) are subject to Remuneration Committee approval and no payments are made automatically. Payments are awarded after input from the Head of Compliance and Risk, 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 Code staff 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' period. These shares are released from 'lock up' in three equal tranches no sooner than the first, second and third anniversary of the Profit Share payment date. Additionally, Directors and Code Staff are offered the opportunity to elect for up to a further third of their Profit Share to be paid in shares which will attract 'matching' shares and will also include a 'lock up' for three years. The remaining amount will be paid in cash.

It is felt that the Group Profit Share Scheme is the right scheme to incentivise increasing assets under management. There is no longer a sales-based incentive for our US sales team and the sales teams participate in the Group Profit Share Scheme.

The Record plc Share Scheme

The Record plc Share scheme (the "Share Scheme") was adopted by the Company initially on 1 August 2008 to allow deferred share awards to be granted to new senior employees but has more recently been used to award share options to employees of Record plc or its subsidiaries. The Share Scheme was amended in 2011 to include the ability to grant HMRC approved options ("Approved Options") under Part 2 of the Share Scheme alongside Part 1 which allows for the grant of unapproved options ("Unapproved Options"). In 2013 the Share Scheme was further amended to allow Board Directors to participate.

Under the Share Scheme rules the exercise price per share of Approved Options must be no lower than the market value of a share on the dealing day immediately preceding the date of grant. Each participant may be granted Approved Options over shares with a total market value of up to £30,000 on the date of grant. There is no such limit on the value of Unapproved Options, which may be granted with any exercise price (including nil), but have recently been granted at market value similarly to the Approved Options.

Remuneration report continued

The Remuneration Committee retains the power to grant options under the Share Scheme, and granted options to Board Directors during the year, although it can and has delegated to management the task of identifying suitable recipients of options and the number of shares to be put under option for those below Board level. Details of the option awards made to Board Directors during the year can be found on page 56 and all awards were made in accordance with the Scheme rules.

The terms of options for Executive Directors differ to those for all other staff. For Executive Directors, the Remuneration Committee will limit the value of shares over which an option is granted to any Director in any year to a maximum of 200% of that Director's salary for that year. All Executive Director option awards will be subject to a performance condition based on Record's annual EPS growth. One third of the award will vest on each of the third, fourth and fifth anniversary of the date of grant, subject to an EPS hurdle, with 25% of each tranche vesting if profit growth over the three years prior to the anniversary in question is at least RPI plus 4% per annum, increasing on a stepped basis to 100% vesting if profit growth exceeds RPI plus 13% per annum over the same period.

For staff below Executive Director, Approved Options become exercisable on the fourth anniversary of grant subject to the employee remaining in employment with the Group and to the extent a performance condition based on the Company's total shareholder return in comparison with a relevant peer group has been met. Unapproved options each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent personal performance conditions have been satisfied.

The Remuneration Committee retains the ability to vary or waive existing performance targets where, in its absolute discretion, it considers the target has become unfair or impractical or to take account of exceptional circumstances.

It is of great importance for the long-term success of the business that the Group retains and motivates its key employees, and that they are incentivised over the longer term in a manner which aligns their interests with shareholders. It is therefore the intention of the Group to continue to use the Share Scheme for Executive Directors and staff. In total the size of the Share Scheme will be limited to 2% per annum of the market capitalisation of Record plc (being approximately 4.4 million shares). Of this total the Remuneration Committee will be able to award up to 1% as options to Executive Directors and up to 1% to staff.

Claw back provisions

The Group Profit Share Scheme rules contain claw back provisions which allow for the repayment of profit share payments in the event of a material breach of contract, material misconduct or a re-statement of accounts which would have led to a reduction in any prior Profit Share award.

Unapproved Options granted under the Share Scheme for Executive Directors are also subject to claw back provisions in addition to the performance conditions set by the Remuneration Committee.

Source and funding of shares

Share awards under the Group Profit Share Scheme are covered wherever possible through market purchases by the Company's Employee Benefit Trust ("EBT") rather than through the issue of new shares, and this has been the case since the inception of the Scheme in 2007. It remains our intention to continue to operate in this manner in order to minimise potential dilution of shareholders' interests.

Options under the Share Scheme are also not normally satisfied by the issue of new shares, in order to minimise potential dilution. The Company provides funds to the EBT to allow it to purchase shares in the market with which to satisfy options. The number of shares purchased by the Group to hedge the award of options is based on an appropriate hedge ratio at each grant date, as calculated by management and approved by the Remuneration Committee.

Accounting treatment

The Share Scheme is accounted for in accordance with IFRS 2 (share based payments) and is not part of the Group Profit Share costs.

SIP

The Group operates a HMRC-approved Share Incentive Plan ("SIP") which is offered to all staff, including Executive Directors, who are able to buy shares from pre-tax salary up to a defined HMRC limit (£1,800 worth of shares in the financial year ended 31 March 2015). To encourage employee share ownership the Group matches any shares purchased through this scheme at a rate of 50%, although staff will only receive the full benefit of the matched shares if they remain with the Group for three years. To qualify for full tax benefits, these shares must be left in the SIP for five years.

How the views of shareholders are taken into account

The Remuneration Committee takes into account shareholder views received in relation to resolutions to be considered at the AGM each year. The Committee values shareholder feedback when forming remuneration policy and any material proposed changes to Executive Directors' remuneration will be discussed in advance with major institutional shareholders.

Considering the views of employees

When determining Executive Director remuneration arrangements the Committee takes into account pay conditions throughout the Group to ensure that the structure and quantum of Executive Directors' pay remains appropriate in this context.

The Committee does not consider that it is appropriate to consult directly with colleagues when developing the Directors' remuneration policy. A significant proportion of our colleagues are shareholders so are able to express their views in the same way as other shareholders.

Differences in remuneration policy for Executive Directors compared to other employees

There are no differences to the remuneration structures in which Executive Directors and employees can participate, those being base salary, benefits, pension, Group Profit Share Scheme and the Share Scheme. There are, however, different requirements for share deferral within the Group Profit Share Scheme and different performance conditions and claw back provisions for any share awards between Executive Directors and other employees.

Approach to remuneration for new Executive Directors

On the recruitment of a new Executive Director the level of fixed remuneration will be appropriate to the candidate's skills and experience and the responsibility that they will be undertaking. New Executive Directors would be eligible to join the Group Profit Share Scheme and would be eligible to be considered for the Record Share Scheme as deemed appropriate by the Remuneration Committee.

The Remuneration Committee recognises that a new Executive Director may forfeit remuneration as a result of leaving a previous employer and the Committee will consider mitigating that loss or part of that loss by making an award in addition to the remuneration outlined above. The Committee will consider any relevant factors including any performance conditions attached to any previous incentive arrangements and the likelihood of these conditions being met and will take reasonable steps to ensure that any payment is at an appropriate level.

When recruiting a new non-executive director, fees will be in line with the prevailing fee schedule paid to other Board members and Non-executive Directors at that time.

Service contracts and loss of office payment policy

All Executive Directors have service agreements with effect from 15 November 2007, with the exception of James Wood-Collins, who has a service agreement dated 1 October 2010 to reflect his promotion to Chief Executive Officer and Steve Cullen who has a service agreement dated 15 March 2013 to reflect his promotion to Chief Financial Officer. None of the service agreements is 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 Profit Share Scheme or the Group Share Scheme, nor to receive any fixed provision for termination compensation.

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 Executive Directors and Non-executive Directors are available for inspection at the Company's registered office.

When an Executive Director leaves the Group, the Remuneration Committee will review the circumstances and apply the appropriate treatment. Any payments that are made will be in line with contractual entitlements and statutory requirements only. Where applicable the broad aim in making termination payments is to avoid rewarding poor performance.

Salary and benefits will continue to be paid throughout the notice period although the Committee has the discretion to make a payment in lieu of notice.

The treatment of payments for the Group Profit Share Scheme and the Share Scheme will be in accordance with the relevant scheme rules at the time the Director leaves.

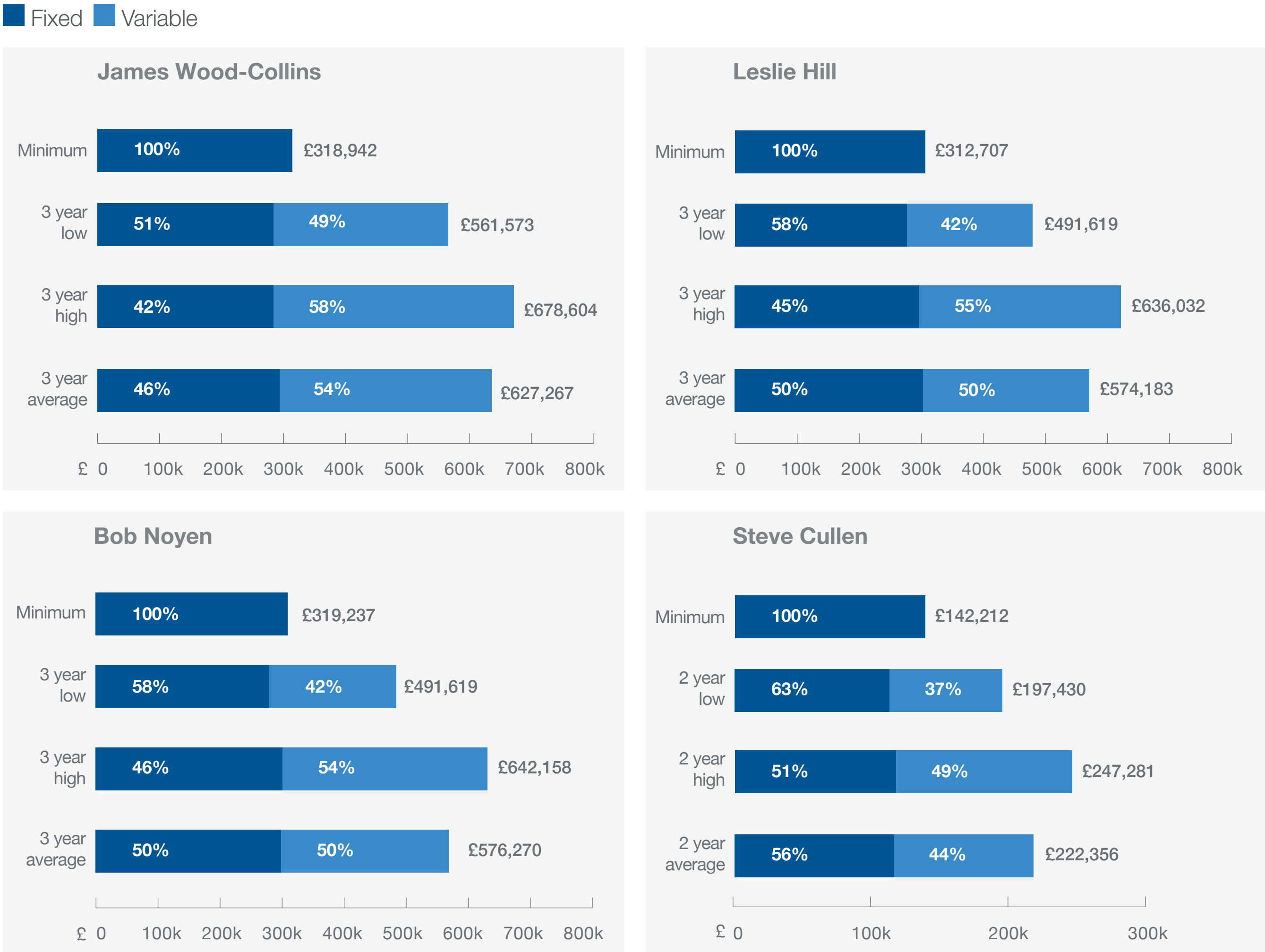
Details of service contracts for Directors who are subject to re-election at the forthcoming AGM are as follows:

	Contract date	Notice period	Expiry/review date
Executive Directors			
James Wood-Collins	1/10/2010	6 months	Rolling
Non-executive Directors			
Andrew Sykes	15/11/2007	—	15/11/2016
David Morrison	29/9/2009	—	29/9/2015

Remuneration report continued

Remuneration illustrations

The charts below show the lowest, highest and average remuneration for the Executive Directors over the past three years. Fixed remuneration is comprised of salary, pension contributions, other benefits and any cash alternative. Variable remuneration is Group Profit Share cash and share payments. As variable remuneration is not capped at the individual level, we have used the 3 year average, highest and lowest remuneration as an indication of the Executive Director's earnings potential. Future remuneration will be determined based on profitability and performance as described in the Remuneration policy.



Steve Cullen was appointed to the Board on 15 March 2013. Consequently the '3 year high' and '3 year average' figures are not relevant for the purposes of the above representation. The figures for the previous incumbent and joint CFO/COO, Paul Sheriff, have not been used since the roles and related remuneration packages are not deemed comparable for the purposes of this table.

Compliance with the FCA Remuneration Code

The Committee regularly reviews its remuneration policies to ensure compliance with the principles of the Remuneration Code of the UK financial services regulator, as applicable to Record. The remuneration policy is designed to be consistent with the prudent management of risk, and the sustained, long-term performance of the Group. The Chief Financial Officer and the Head of Compliance and Risk are involved in reviewing the remuneration policy and practice to ensure that it is aligned with sound risk management, and keep the Committee informed of the firm's risk profile so that this can be taken into account in remuneration decisions.

Annual report on remuneration

This part of the report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), and relevant sections of the Listing Rules. The annual report on remuneration will be put to an advisory shareholder vote at the 2015 AGM. The information on pages 55 to 59 has been audited where required under the regulations and indicated as audited information where applicable.

Directors' remuneration as a single figure (audited information)

The remuneration of the Directors for the year ended 31 March 2015 is detailed below together with their remuneration for the previous year.

Year ended 31 March 2015	Salaries and fees £	Benefits[1] £	Short-term incentive (GPS-cash) £	Short-term incentive (GPS-shares)[2] £	Share options £	Pensions[3] £	**Total £**
Executive Directors							
James Wood-Collins	252,350	703	232,458	116,998	—	39,114	**641,623**
Leslie Hill	252,350	1,283	233,063	116,530	—	32,805	**636,031**
Bob Noyen	252,350	1,100	233,063	116,530	—	39,114	**642,157**
Steve Cullen	108,150	1,806	24,952	95,610	—	16,763	**247,281**
Non-executive Directors							
Neil Record	70,000	1,405	—	—	—	9,100	**80,505**
Cees Schrauwers	69,525	—	—	—	—	—	**69,525**
Andrew Sykes	37,080	—	—	—	—	—	**37,080**
David Morrison	37,080	—	—	—	—	—	**37,080**
Total	**1,078,885**	**6,297**	**723,536**	**445,668**	**—**	**136,896**	**2,391,282**

Year ended 31 March 2014	Salaries and fees £	Benefits[1] £	Short-term incentive (GPS-cash) £	Short-term incentive (GPS-shares)[2] £	Share options £	Pensions[3] £	**Total £**
Executive Directors							
James Wood-Collins	245,000	623	103,694	291,312	—	37,975	**678,604**
Leslie Hill	245,000	866	207,371	103,686	—	37,975	**594,898**
Bob Noyen	245,000	1,001	207,371	103,686	—	37,975	**595,033**
Steve Cullen	105,000	1,733	19,828	53,472	—	17,397	**197,430**
Non-executive Directors							
Neil Record[4]	61,564	866	—	—	—	8,003	**70,433**
Cees Schrauwers	67,500	—	—	—	—	—	**67,500**
Andrew Sykes	36,000	—	—	—	—	—	**36,000**
David Morrison	36,000	—	—	—	—	—	**36,000**
Total	**1,041,064**	**5,089**	**538,264**	**552,156**	**—**	**139,325**	**2,275,898**

1 This value includes matching shares on SIP and payments made in lieu of medical benefits.
2 There are no performance conditions attached to short-term incentives. The shares vest immediately but are subject to lock up restrictions and are calculated based on the overall profitability of the Group.
3 This includes payments made in lieu of pension contributions.
4 Neil Record had a period of unpaid leave during the year ended 31 March 2014.

Remuneration report continued

Allocation of the Profit Share pool to Executive Directors

The Remuneration Committee is able to exercise discretion over the level of Group Profit Share awarded to the Executive Directors. On two occasions during the year, the Committee has approved awards to the Directors after considering the role and performance of each individual Director and also reports from the Head of Compliance and Risk, regarding any legal or compliance issues relevant to the award.

Pensions (audited information)

Executive Directors are entitled to join the Group Personal Pension Scheme. This is a defined contribution plan, to which the Group makes contributions up to 13% of each Director's salary which can be paid into the Group Personal Pension Scheme, taken as cash or a combination of the two. The Group also matches any contributions made by the Director up to a further 2.5% depending on the level of flexible and personal contributions made by the Director.

The employer pension contributions for the financial years ending 2014 and 2015 are detailed in the table above.

Directors' share options and share awards (audited information)

James Wood-Collins, Leslie Hill, Bob Noyen and Steve Cullen were all awarded share options during the financial year ended 31 March 2015.

James Wood-Collins, Leslie Hill and Bob Noyen were awarded options over 630,000 shares and Steve Cullen was awarded options over 270,000 shares. All of the awards were made on 27 November 2014 under the Unapproved Option scheme and in accordance with the scheme rules for Executive Directors.

James Wood-Collins was also awarded unapproved share options during the previous financial year and Steve Cullen was granted options in the financial year 2013 under the Approved Option scheme and prior to his appointment to the Board of Directors.

The table below sets out details of Executive Directors' outstanding share option awards (which may vest in future years subject to continued service and performance conditions).

	Date of grant	Options granted	Exercised in year	Market price on exercise	Exercise price	Earliest exercise	Latest exercise	Status of performance
James Wood-Collins	18/11/2013	1,400,000	–	–	30.00p	18/11/2016	17/11/2019	Not currently applicable
	27/11/2014	630,000	–	–	35.86p	27/11/2017	27/11/2019	Not currently applicable
Steve Cullen	18/12/2012	75,000	–	–	30.98p	18/12/2016	18/12/2022	Not currently applicable
	27/11/2014	270,000	–	–	35.86p	27/11/2017	27/11/2019	Not currently applicable
Bob Noyen	27/11/2014	630,000	–	–	35.86p	27/11/2017	27/11/2019	Not currently applicable
Leslie Hill	27/11/2014	630,000	–	–	35.86p	27/11/2017	27/11/2019	Not currently applicable

The value of shares over which the award of Unapproved options was made in the year to each of James Wood-Collins, Leslie Hill and Bob Noyen was £225,918 and to Steve Cullen was £96,822, all based on the exercise price of £0.3586 per share, which equated to the market share price upon grant. None of the awards will vest if the lowest threshold level of performance is not exceeded.

The percentage of awards vesting for grants made in the year under the Unapproved Option Scheme is based on Record's 3 year average EPS growth as follows:

Record's 3 year average EPS growth	Percentage of shares subject to the award which vest
>RPI Growth + 13%	100%
>RPI Growth + 10%, = <RPI + 13%	75%
>RPI Growth + 7%, = <RPI + 10%	50%
>RPI Growth + 4%, = <RPI + 7%	25%
=<RPI Growth + 4%	0%

A principal strategic objective of the business is to create shareholder value for our investors over the long term. The Board considers this to be delivered by consistent growth in earnings of the business, and the performance measurements used in the determination of the number of awards which ultimately vest under the scheme rules reflect this.

The percentage of awards vesting for grants previously made under the Approved Option Scheme to Steve Cullen is based on the median total shareholder return ("TSR") as measured against the FTSE 350 General Financial – Price Index. The performance target table is given below. None of the awards will vest if the lowest threshold level of performance is not exceeded.

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

Group Profit Shares in lockup (audited information)

The table below shows Directors' interests in ordinary shares arising from the deferred element of annual Group Profit Share awards.

	Interest in restricted share awards at 1 April 2014	Restricted awards during year	Restrictions released during year	**Interest in restricted shares at 31 March 2015**
James Wood-Collins	1,272,732	308,164	(827,519)	**753,377**
Leslie Hill	278,748	160,031	(144,251)	**294,528**
Bob Noyen	292,022	160,031	(148,675)	**303,378**
Steve Cullen	67,173	107,588	(28,541)	**146,220**

1 There is no requirement or guideline for a Director to own a specified shareholding.
2 Under the rules of the Group Profit Share Scheme, shares awarded to Directors are subject to lock up restrictions for between one and three years from the award date.

Remuneration report continued

Directors' share interests (audited information)

The tables below show Directors' share interests[1] for the last two financial years, including shares held by connected persons.

2015	Shares held without restrictions	GPS shares subject to restrictions[2]	**Total shares held**	Share options (not vested)	Total share interests
Executive Directors					
James Wood-Collins	1,631,358	753,377	**2,384,735**	2,030,000	**4,414,735**
Leslie Hill	15,126,292	294,528	**15,420,820**	630,000	**16,050,820**
Bob Noyen	8,721,238	303,378	**9,024,616**	630,000	**9,654,616**
Steve Cullen	789,036	146,220	**935,256**	345,000	**1,280,256**
Non-executive Directors and Chairman					
Neil Record	70,980,711	—	**70,980,711**	—	**70,980,711**
Cees Schrauwers	230,000	—	**230,000**	—	**230,000**
Andrew Sykes	25,000	—	**25,000**	—	**25,000**
David Morrison	40,000	—	**40,000**	—	**40,000**
Total	**97,543,635**	**1,497,503**	**99,041,138**	**3,635,000**	**102,676,138**

2014	Shares held without restrictions	GPS shares subject to restrictions[2]	**Total shares held**	Share options (not vested)[3]	Total share interests
Executive Directors					
James Wood-Collins	803,839	1,272,732	**2,076,571**	1,400,000	**3,476,571**
Leslie Hill	14,982,041	278,748	**15,260,789**	—	**15,260,789**
Bob Noyen	8,572,563	292,022	**8,864,585**	—	**8,864,585**
Steve Cullen	752,094	67,173	**819,267**	75,000	**894,267**
Non-executive Directors and Chairman					
Neil Record	70,980,711	—	**70,980,711**	—	**70,980,711**
Cees Schrauwers	230,000	—	**230,000**	—	**230,000**
Andrew Sykes	25,000	—	**25,000**	—	**25,000**
David Morrison	—	—	**—**	—	**—**
Total	**96,346,248**	**1,910,675**	**98,256,923**	**1,475,000**	**99,731,923**

Base salary changes for the Board

This year salaries have been reviewed by the Remuneration Committee and a salary increase of 10% took effect from 1 May 2015 for all Executive Directors, with the exception of Steve Cullen who received a 13% increase in total in line with the increase given to all staff in April and May.

The Committee considered whether Executive Directors should receive the 10% increase and concluded that Executive Directors salaries are now at the appropriate level. Executive Directors' salaries have been little altered over the last seven years, including a 10% decrease in 2011, and consequently that an Executive Director's salary now is just 2% higher than it was seven years ago.

The Chairman also received the 10% increase whilst the Non-executive Directors received increases in line with Executive Directors of between 10% and 14%.

1 There is no requirement or guideline for a Director to own a specified shareholding.
2 Under the rules of the Group Profit Share Scheme, shares awarded to Directors are subject to lock up restrictions for between one and three years from the award date.
3 There are no share options which have vested but have not yet been exercised as at 31 March 2015.

These changes in salaries are detailed in the table below:

	Salary from 1 April 2014 to 31 March 2015 £	**Salary from 1 May 2015 £**	Increase %
Executive Directors			
James Wood-Collins	252,350	**277,585**	10.0%
Leslie Hill	252,350	**277,585**	10.0%
Bob Noyen	252,350	**277,585**	10.0%
Steve Cullen	108,150	**122,535**	13.3%
Non-executive Directors and Chairman			
Neil Record	70,000	**77,000**	10.0%
Cees Schrauwers	69,525	**79,000**	13.6%
Andrew Sykes	37,080	**41,000**	10.6%
David Morrison	37,080	**41,000**	10.6%

Total remuneration of Chief Executive (audited information)

The total remuneration of the Chief Executive since 2011 is shown in the following table. The total remuneration figure includes the annual profit share payment. There is no maximum value that could be paid during each year.

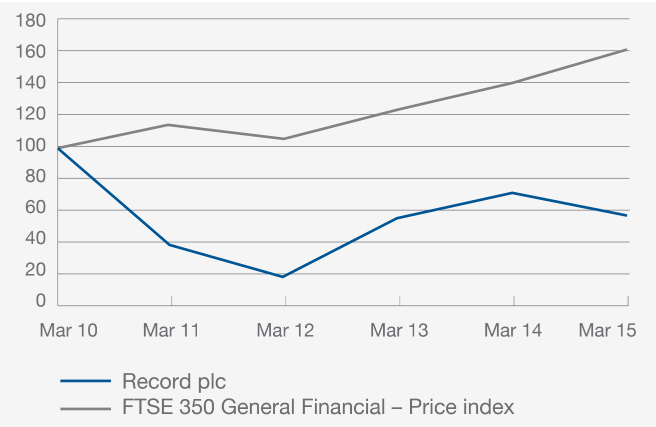
	Year ending 31 March				
	2011 £	2012 £	2013 £	2014 £	**2015 £**
James Wood Collins	547,939	655,343	570,723	678,604	**641,623**
Neil Record	444,240	n/a	n/a	n/a	**n/a**

Neil Record relinquished the role of Chief Executive and James Wood-Collins was appointed Chief Executive on 1 October 2010.

Percentage change in the remuneration of the Chief Executive (audited information)

The following table shows the percentage change in the base salary, benefits and annual bonus of the Chief Executive between the year ended 31 March 2015 and the previous financial year compared to the average for all employees of the Group.

% change in:	Chief Executive	Average for all employees
Base salary	3%	3%
Benefits	No change	No change
Total annual profit share	(12%)	26%



Total Shareholder Return performance graph

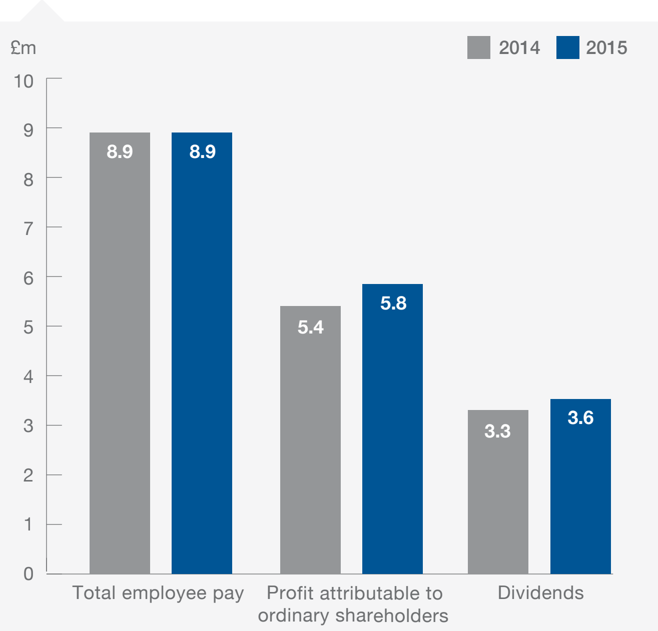
The above graph shows the Group's Total Shareholder Return compared with the FTSE 350 – General Financial Index, and shows the change in the theoretical value of £100 invested in Record plc on 31 March 2010 compared to £100 invested in the FTSE 350 – General Financial Index. The FTSE 350 – General Financial 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 2015 was 34.75p. The highest closing share price during the financial year was 36.75p. The lowest closing share price during the financial year was 29.5p.

Remuneration report continued

Relative importance of the spend on pay

The following table shows the year-on-year movement in total remuneration of all employees, compared to the profit attributable to ordinary shareholders and the level of dividends paid and declared on ordinary shares.



Dividends are represented in the table above as follows:

2015: interim dividend paid in December 2014 (0.75p per share) and final dividend proposed (0.90p per share) with respect to the year ended 31 March 2015 (total 1.65p per share). 2014: 1.50p per share.

Meetings and attendance

The Remuneration Committee is chaired by Andrew Sykes, and he is supported by the two independent Non-executive Directors, Cees Schrauwers and David Morrison. All members served on the Committee throughout the year.

The Committee operates under formal terms of reference which are reviewed annually and held seven meetings during the year. Attendance at the meetings is shown in the following table:

	Maximum possible attendance	Meetings attended
Andrew Sykes	7	7
Cees Schrauwers	7	7
David Morrison	7	7

The Chief Financial Officer, Chief Executive Officer, Head of Compliance and Risk and Chairman may attend meetings by invitation and assist the Committee in its deliberations, except when their personal remuneration is discussed. No Directors are involved in deciding their own remuneration. The Committee also received advice from the Head of HR who acts as Secretary to the Committee.

External advisors

The Group participated in a survey conducted by McLagan and received information regarding market rates of pay for staff. McLagan did not provide any direct advice to the Remuneration Committee. The Group paid fees of £8,000 for this information.

External directorships

With the approval of the Board in each case, and subject to the requirements of the Group, Executive Directors may accept a limited number of external appointments.

Statement of voting at the Annual General Meeting

At the AGM held on 24 July 2014, the resolution seeking approval of the remuneration report received the following votes:

	Total number of votes	% of votes cast
For	155,715,975	100%
Against	5,300	0%
Total votes cast	155,721,275	100%
Votes withheld	3,000	

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chairman of the Committee in May 2015, and was based on discussions with Board members. The conclusion was that the Committee was effective in carrying out its duties.

Approval

This Directors' remuneration report, including both the Directors' remuneration policy and the annual report on remuneration has been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Andrew Sykes
Chairman of the Remuneration Committee
15 June 2015

Independent auditor's report

to the members of Record plc

Our opinion on the financial statements is unmodified

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (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.

Who we are reporting to

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.

What we have audited

Record plc's financial statements 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 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.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that are, in our judgement, likely to be most important to users' understanding of our audit.

Revenue recognition

The risk: Revenue comprises of management fees and performance fees as a result of investment management activities. Management fees are calculated as a percentage of assets under management equivalents (AUME) and, as per the Group's accounting policy in accordance with International Accounting Standard (IAS) 18 'Revenue', are accrued on a daily basis. Where the performance of a client's assets exceeds defined benchmarks by an agreed level of outperformance over a set time period, and where the investment management contract stipulates reward for performance, performance fees are received and recognised when earned. Due to the large monetary amounts, their material impact on the financial statements and this being an area highly susceptible to fraudulent financial reporting, we have identified revenue as a significant risk requiring special audit consideration.

Our response: We assessed whether the stated accounting policy conforms with IAS 18 and tested the implementation of these policies. Specifically, we considered whether the revenue was recognised based on the transfer of the risks and rewards of ownership to the customer and the accounting period in which services were rendered by testing a sample of revenue items recognised to investment management contracts and AUME. We tested the operating effectiveness of key controls in this area, such as regular dual sign-off of AUME calculations, fee billing systems and set up of new clients.

We substantively tested a sample of fees raised to: the underlying AUME; the portfolio hedge ratios per signed agreements; the invoices issued and to the subsequent receipts of cash. We reviewed key inputs into performance fee calculations against signed contracts and confirmed performance activity to data obtained from independent third party administrators.

The Company's accounting policy and note on the recognition of revenue is included in note 3.

Management override of financial controls

The risk: Under ISAs (UK & Ireland), for all of our audits we are required to consider the risk of management override of financial controls. Due to the unpredictable nature of this risk we are required to assess it as a significant risk requiring special audit consideration.

Our response: Our audit work included, but was not restricted to, specific procedures relating to this risk that are required by ISA (UK & Ireland) 240 'The Auditors Responsibilities relating to Fraud in an Audit of Financial Statements'. This included tests of journal entries, the evaluation of judgements and assumptions in management's estimates and review of significant transactions outside the normal course of business. In particular, our work on revenue recognition addressed key aspects of ISA (UK and Ireland) 240.

Our application of materiality and an overview of the scope of our audit

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We determined materiality for the audit of the Group financial statements as a whole to be £384,000, which is approximately 5% of adjusted pre-tax profit. This benchmark is considered the most appropriate because in our view, it is one of the key metrics against which the financial performance of the Group is measured. We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the Group financial statements. We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the Audit and Risk Committee to be £19,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

In establishing the overall approach to the Group, we determined the scope of work that needed to be performed at the subsidiary undertakings level by us, as the group engagement team. We determined the level of our involvement needed in respect of these reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Independent auditor's report continued

to the members of Record plc

We identified and concentrated our resources on areas of higher risk, which included those areas of concern to the directors. We evaluated controls over key financial systems identified as part of our risk assessment. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Other reporting required by regulations

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified.

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic report and Directors' Report for the financial year for which the financial statements are prepared 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 ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the audit committee which we consider should have been disclosed.

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.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 47, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review.

Responsibilities for the financial statements and the audit

What an audit of financial statements involves:

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

What the directors are responsible for:

As explained more fully in the Directors' Responsibilities Statement set out on pages 63 and 64, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:

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 Ethical Standards for Auditors.

Grant Thornton UK LLP

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

15 June 2015

Consolidated statement of comprehensive income

Year ended 31 March

	Note	2015 £'000	2014 £'000
Revenue	3	**21,057**	19,922
Cost of sales		**(148)**	(86)
Gross profit		**20,909**	19,836
Administrative expenses		**(13,373)**	(13,412)
Operating profit	4	**7,536**	6,424
Finance income		**146**	113
Profit before tax		**7,682**	6,537
Taxation	6	**(1,708)**	(1,494)
Profit after tax and total comprehensive income for the year		**5,974**	5,043
Profit and total comprehensive income for the year attributable to:			
Non-controlling interests		**192**	(364)
Owners of the parent		**5,782**	5,407
Earnings per share for profit attributable to the equity holders of the Group during the year (expressed in pence per share)			
Basic earnings per share	7	**2.66p**	2.48p
Diluted earnings per share	7	**2.65p**	2.47p

The notes on pages 70 to 93 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 March

	Note	2015 £'000	2014 £'000
Non-current assets			
Property, plant and equipment	10	**129**	86
Intangible assets	11	**504**	734
Investments	12	**2,567**	2,754
Deferred tax assets	13	**73**	158
		3,273	3,732
Current assets			
Trade and other receivables	14	**6,324**	5,646
Derivative financial assets	15	**619**	198
Money market instruments with maturity > 3 months	16	**18,100**	15,488
Cash and cash equivalents	16	**12,010**	11,503
Total current assets		**37,053**	32,835
Total assets		**40,326**	36,567
Current liabilities			
Trade and other payables	17	**(2,949)**	(2,706)
Corporation tax liabilities	17	**(893)**	(832)
Derivative financial liabilities	15	**(680)**	(122)
Total current liabilities		**(4,522)**	(3,660)
Total net assets		**35,804**	32,907
Equity			
Issued share capital	18	**55**	55
Share premium account		**1,847**	1,838
Capital redemption reserve		**20**	20
Retained earnings		**30,006**	27,327
Equity attributable to owners of the parent		**31,928**	29,240
Non-controlling interest	20	**3,876**	3,667
Total equity		**35,804**	32,907

Approved by the Board on 15 June 2015 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

The notes on pages 70 to 93 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Year ended 31 March 2015

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total equity £'000
As at 1 April 2014	55	1,838	20	27,327	29,240	3,667	32,907
Profit and total comprehensive income for the year	—	—	—	5,782	5,782	192	5,974
Dividends paid	—	—	—	(3,266)	(3,266)	—	(3,266)
Own shares purchased by EBT	—	—	—	(318)	(318)	—	(318)
Release of shares held by EBT	—	9	—	314	323	—	323
Transactions with shareholders	**—**	**9**	**—**	**(3,270)**	**(3,261)**	**—**	**(3,261)**
Issue of units in funds to non-controlling interests	—	—	—	—	—	17	17
Share option reserve movement	—	—	—	167	167	—	167
As at 31 March 2015	**55**	**1,847**	**20**	**30,006**	**31,928**	**3,876**	**35,804**

Year ended 31 March 2014

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total equity £'000
As at 1 April 2013	55	1,838	20	26,729	28,642	3,646	32,288
Profit and total comprehensive income for the year	—	—	—	5,407	5,407	(364)	5,043
Dividends paid	—	—	—	(4,898)	(4,898)	—	(4,898)
Own shares purchased by EBT	—	—	—	(171)	(171)	—	(171)
Release of shares held by EBT	—	—	—	104	104	—	104
Transactions with shareholders	—	—	—	(4,965)	(4,965)	—	(4,965)
Issue of units in funds to non-controlling interests	—	—	—	—	—	1,198	1,198
Divestment of non-controlling interest	—	—	—	—	—	(813)	(813)
Share option reserve movement	—	—	—	156	156	—	156
As at 31 March 2014	55	1,838	20	27,327	29,240	3,667	32,907

The notes on pages 70 to 93 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 31 March

	Note	2015 £'000	2014 £'000
Operating profit		**7,536**	6,424
Adjustments for:			
Profit on disposal of property, plant and equipment		**—**	(1)
Depreciation of property, plant and equipment	10	**85**	79
Amortisation of intangible assets	11	**230**	229
Release of shares previously held by EBT		**308**	—
Share option expense		**167**	156
		8,326	6,887
Changes in working capital			
Increase in receivables		**(672)**	(68)
Increase in payables		**243**	29
Increase in other financial assets		**(421)**	(231)
Increase in other financial liabilities		**558**	121
Cash inflow from operating activities		**8,034**	6,738
Corporation taxes paid		**(1,562)**	(1,571)
Net cash inflow from operating activities		**6,472**	5,167
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment		**—**	1
Purchase of property, plant and equipment		**(128)**	(25)
Sale/(purchase) of securities		**186**	(1,114)
Purchase of money market instruments with maturity > 3 months	16	**(2,612)**	(15,488)
Decrease in cash due to accounting treatment of funds previously consolidated on line by line basis		**—**	(1,877)
Interest received		**141**	102
Net cash outflow from investing activities		**(2,413)**	(18,401)
Cash flow from financing activities			
Cash inflow from issue of units in funds		**17**	677
Exercise of share options		**15**	104
Purchase of own shares		**(318)**	(171)
Dividends paid to equity shareholders		**(3,266)**	(4,898)
Cash outflow from financing activities		**(3,552)**	(4,288)
Net increase/(decrease) in cash and cash equivalents in the year		**507**	(17,522)
Cash and cash equivalents at the beginning of the year		**11,503**	29,025
Cash and cash equivalents at the end of the year		**12,010**	11,503
Closing cash and cash equivalents consists of:			
Cash		**2,730**	1,476
Cash equivalents		**9,280**	10,027
Cash and cash equivalents	16	**12,010**	11,503

The notes on pages 70 to 93 are an integral part of these consolidated financial statements.

Company statement of financial position

As at 31 March

	Note	2015 £'000	2014 £'000
Non-current assets			
Investments	12	**3,539**	3,378
		3,539	3,378
Current assets			
Trade and other receivables	14	**–**	146
Cash and cash equivalents	16	**17**	34
Total current assets		**17**	180
Total assets		**3,556**	3,558
Current liabilities			
Trade and other payables	17	**(481)**	(452)
Total current liabilities		**(481)**	(452)
Total net assets		**3,075**	3,106
Equity			
Issued share capital	18	**55**	55
Share premium account		**1,809**	1,809
Capital redemption reserve		**20**	20
Retained earnings		**1,191**	1,222
Total equity		**3,075**	3,106

Approved by the Board on 15 June 2015 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

The notes on pages 70 to 93 are an integral part of these consolidated financial statements.

Company statement of changes in equity

Year ended 31 March 2015

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2014	55	1,809	20	1,222	3,106
Profit and total comprehensive income for the year	—	—	—	3,068	3,068
Dividends paid	—	—	—	(3,266)	(3,266)
Transactions with shareholders	**—**	**—**	**—**	**(3,266)**	**(3,266)**
Share option reserve movement	—	—	—	167	167
As at 31 March 2015	**55**	**1,809**	**20**	**1,191**	**3,075**

Year ended 31 March 2014

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

The notes on pages 70 to 93 are an integral part of these consolidated financial statements.

Company statement of cash flows

Year ended 31 March

	2015 £'000	2014 £'000
Operating loss	**(3)**	(345)
Adjustment for:		
Loss on investments	**5**	142
Changes in working capital		
Decrease in receivables	**146**	1,515
Increase/(decrease) in payables	**29**	(1,265)
Cash inflow from operating activities	**177**	47
Corporation taxes paid	**–**	(24)
Net cash inflow from operating activities	**177**	23
Cash flow from investing activities		
Investment in seed funds	**–**	(1,000)
Dividends received	**3,070**	4,900
Interest received	**2**	8
Net cash inflow from investing activities	**3,072**	3,908
Cash flow from financing activities		
Dividends paid to equity shareholders	**(3,266)**	(4,898)
Cash outflow from financing activities	**(3,266)**	(4,898)
Net decrease in cash and cash equivalents in the year	**(17)**	(967)
Cash and cash equivalents at the beginning of the year	**34**	1,001
Cash and cash equivalents at the end of the year	**17**	34
Closing cash and cash equivalents consists of:		
Cash	**17**	34
Cash equivalents	**–**	–
Cash and cash equivalents	**17**	34

The notes on pages 70 to 93 are an integral part of these consolidated financial statements.

Notes to the financial statements

For the year ended 31 March 2015

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

1. Accounting policies

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

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out in the notes below. These policies have been consistently applied to all 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 2015. The financial statements have been prepared on a historical cost basis, modified to include fair valuation of derivative financial instruments.

The Directors are satisfied that the Company and the Group have adequate resources with which to continue to operate for the foreseeable future. Please refer to the Directors' report on page 46 for more detail. For this reason the financial statements have been prepared on a going concern basis.

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

Impact of new accounting standards

A number of amendments to existing standards and interpretations have been issued, some of which were mandatory for periods beginning 1 April 2014, with the remaining becoming effective in future periods. The new standards and amendments to existing standards effective for the year to 31 March 2015 have not had a material impact on the financial statements of Record plc, but the application of IFRS 12 has resulted in additional disclosures for financial instruments (refer to note 20).

New standards and interpretations

IFRS 9 "Financial Instruments" has yet to be endorsed by the EU and replaces the classification and measurement models for financial instruments in IAS 39 with two classification categories; amortised cost and fair value. No other standards or interpretations issued but not yet effective are expected to have a material impact on the Group's financial statements.

(b) Basis of consolidation

The consolidated financial information contained within the financial statements incorporates financial statements of the Company and entities controlled by the Company (its subsidiaries) drawn up to 31 March 2015. Control is achieved where the Company is exposed to or has rights over variable returns from its involvement with the entity and it has the power to affect returns. Where the Group controls an entity, but does not own all the share capital of that entity, the interest of the other shareholders' non-controlling interests is stated within equity at the non-controlling interests' proportion of the fair value of the recognised assets and liabilities.

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

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

The accounts of subsidiary undertakings, which are prepared using uniform accounting policies, are coterminous with those of the Company apart from those of the seeded funds which have accounting reference dates of 30 September. The consolidated accounts incorporate the financial performance of the seeded funds in the year ended 31 March 2015 and the financial position of the seeded funds as at 31 March 2015.

The Company is taking advantage of the exemption under the Companies Act 2006 s408(1) not to present its individual statement of comprehensive income and related notes that form part of the financial statements. The Group total comprehensive income for the year includes a profit of £3,069,187 attributable to the Company (2014: £4,561,908).

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

(c) Foreign currencies

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

(d) Financial instruments

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

(e) Impairment of assets

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

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

(f) Provisions and contingent liabilities

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

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

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

(g) Equity

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

2. Critical accounting estimates and judgements

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Note 19 covers the assumptions made in calculating the fair value of share options offered by the Group to its employees. The Directors have judged that the Group does not bear substantially all the risks and rewards of ownership of its leasehold premises and therefore accounts for the leases as operating leases as described in note 23.

3. Revenue

Revenue recognition

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

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

Segmental analysis

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

Notes to the financial statements continued

For the year ended 31 March 2015

3. Revenue continued

(a) Product revenues

The Group has split its currency management revenues by product. Revenue attributable to the non-controlling interests' ("NCI") holding in seed funds and other income arises mainly from gains / losses on derivative financial instruments.

Revenue by product type	2015 £'000	2014 £'000
Management fees		
Dynamic Hedging	9,376	11,872
Passive Hedging	8,105	5,728
Currency for Return	2,774	2,671
Total management fee income	20,255	20,271
Performance fee income – Dynamic Hedging	480	—
Revenue attributable to NCI holding in seed funds	192	(344)
Other income	130	(5)
Total revenue	21,057	19,922

(b) Geographical analysis

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

Revenue by geographical region	2015 £'000	2014 £'000
Management and performance fee income		
UK	5,501	5,141
US	3,660	5,769
Switzerland	10,352	6,893
Other	862	2,468
Total management and performance fee income	20,735	20,271
Revenue attributable to NCI holding in seed funds	192	(344)
Other income	130	(5)
Total revenue	21,057	19,922

Revenue attributable to NCI holding in seed funds and other income are not analysed by geographical region.

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

(c) Major clients

During the year ended 31 March 2015, five clients individually accounted for more than 10% of the Group's revenue during the year. The five largest clients generated revenues of £3.2m, £2.4m, £2.3m, £2.2m and £2.1m in the year (2014: two largest clients generated revenues of £4.9m and £2.4m).

4. Operating profit

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

	2015 £'000	2014 £'000
Staff costs	8,919	8,911
Depreciation of property, plant and equipment	85	79
Amortisation of intangibles	230	229
Auditor fees		
Fees payable to the Group's auditor for the audit of the Company's annual accounts	44	36
The audit of the Group's subsidiaries, pursuant to legislation	42	39
Other services pursuant to legislation	65	62
Other services relating to taxation	10	12
Operating lease rentals: Land and buildings	224	231
Losses / (gains) on forward FX contracts held to hedge cash flow	92	(173)
Other exchange (gains) / losses	(701)	326

5. Staff costs

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

	2015	2014
Client Team	9	10
Research	11	10
Portfolio Management	9	9
Trading	6	5
Operations	4	4
Reporting Services	7	6
Systems	4	4
Finance, Human Resources and Legal	6	6
Administration	1	1
Compliance	2	2
Corporate	9	9
Annual average	**68**	66

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

	2015 £'000	2014 £'000
Wages and salaries	6,489	6,273
Social security costs	871	905
Pension costs	416	412
Other employment benefit costs	1,143	1,321
Aggregate staff costs	**8,919**	8,911

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

6. Taxation – Group

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

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

	2015 £'000	2014 £'000
Profit before taxation	7,682	6,537
Taxation at the standard rate of tax in the UK of 21% (2014: 23%)	1,613	1,504
Tax effects of:		
Other disallowable expenses and non-taxable income	32	68
Capital allowances for the period lower than depreciation	8	24
Lower tax rates on subsidiary undertakings	–	(42)
Adjustments recognised in current year in relation to the current tax of prior years	5	(18)
Other temporary differences	50	(42)
Total tax expense	**1,708**	1,494
The tax expense comprises:		
Current tax expense	1,623	1,647
Deferred tax expense	85	(153)
Total tax expense	**1,708**	1,494

The standard rate of UK corporation tax for the year is 21% (2014: 23%). 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 2015 was £1,707,824 (2014: £1,493,615) which was 22.2% of profit before tax (2014: 22.9%).

Notes to the financial statements continued

For the year ended 31 March 2015

7. Earnings per share

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

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

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

	2015	2014
Weighted average number of shares used in calculation of basic earnings per share	**217,501,040**	217,778,666
Effect of dilutive potential ordinary shares – share options	**892,093**	893,900
Weighted average number of shares used in calculation of diluted earnings per share	**218,393,133**	218,672,566

	pence	pence
Basic earnings per share	**2.66**	2.48
Diluted earnings per share	**2.65**	2.47

The potential dilutive shares relate to the share options granted in respect of the Group's Share Scheme (see note 19). There were share options and deferred share awards in place at the beginning of the period over 6,955,000 shares. During the year 51,250 options were exercised, and a further 1,320,000 share options lapsed or were forfeited. The Group granted 4,327,000 share options with a potentially dilutive effect during the year, but these 4,327,000 share options did not have a dilutive impact at the year end.

8. Dividends

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

The dividends paid by the Group during the year ended 31 March 2015 totalled £3,266,329 (1.50p per share) which comprised a final dividend in respect of the year ended 31 March 2014 of £1,634,833 (0.75p per share) and an interim dividend for the year ended 31 March 2015 of £1,631,496 (0.75p per share).

The dividends paid by the Group during the year ended 31 March 2014 totalled £4,897,875 (2.25p per share) which comprised a final dividend in respect of the year ended 31 March 2013 of £3,263,625 (1.50p per share) and an interim dividend for the year ended 31 March 2014 of £1,634,250 (0.75p per share).

The final dividend proposed in respect of the year ended 31 March 2015 is 0.90p per share.

9. Retirement benefit obligations

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

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

The pension cost charge represents contributions payable by the Group to the funds and amounted to £416,276 (2014: £412,357).

10. Property, plant and equipment – Group

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

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

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

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

2015	**Leasehold improvements £'000**	**Computer equipment £'000**	**Fixtures and fittings £'000**	**Total £'000**
Cost				
At 1 April 2014	534	721	272	1,527
Additions	—	96	32	128
Disposals	—	(193)	—	(193)
At 31 March 2015	**534**	**624**	**304**	**1,462**
Depreciation				
At 1 April 2014	534	637	270	1,441
Charge for the year	—	78	7	85
Disposals	—	(193)	—	(193)
At 31 March 2015	**534**	**522**	**277**	**1,333**
Net book amounts				
At 31 March 2015	**—**	**102**	**27**	**129**
At 1 April 2014	—	84	2	86

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

Notes to the financial statements continued

For the year ended 31 March 2015

11. Intangible assets

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

- Software – 5 years

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

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

2015	Software £'000	Total £'000
Cost		
At 1 April 2014	1,150	1,150
Additions	—	—
Disposals	—	—
At 31 March 2015	**1,150**	**1,150**
Amortisation		
At 1 April 2014	416	416
Charge for the year	230	230
Disposals	—	—
At 31 March 2015	**646**	**646**
Net book amounts		
At 31 March 2015	**504**	**504**
At 1 April 2014	734	734

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

Intangible assets are comprised of the capitalised development costs of the Group's middle and back office system which was completed in June 2012 and has an estimated useful economic life of five years. The annual contractual commitment for the maintenance and support of software is £138,112 (2014: £136,071). All amortisation charges are included within administrative expenses.

12. Investments

Group

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

Investments	2015 £'000	2014 £'000
Record Currency – FTSE FRB10 Index Fund	**1,105**	1,120
US government treasury inflation protected securities ("TIPS")	**1,462**	1,634
	2,567	2,754

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

Company

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

	2015 £'000	2014 £'000
Investment in subsidiaries (at cost)		
Record Currency Management Limited	**10**	10
Record Group Services Limited	**10**	10
Record Portfolio Management Limited	**10**	10
Record Currency Management (US) Inc.	**–**	–
Record Fund Management Limited	**–**	–
N P Record Trustees Limited	**–**	–
Total investment in subsidiaries (at cost)	**30**	30
Capitalised investment in respect of share-based payments		
Record Currency Management (US) Inc.	**76**	66
Record Group Services Limited	**341**	184
Total capitalised investment in respect of share-based payments	**417**	250
Total investment in subsidiaries	**447**	280

Particulars of subsidiary undertakings

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

The Group's interest in the equity capital of subsidiary undertakings is 100% of the ordinary share capital in all cases. Record Currency Management (US) Inc. is incorporated in Delaware, and all other subsidiaries are registered in England and Wales.

Notes to the financial statements continued

For the year ended 31 March 2015

12. Investments continued

Investment in funds

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

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

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

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

Investment in funds	2015 £'000	2014 £'000
Record Currency – FTSE FRB10 Index Fund	1,105	1,120
Record Currency – Emerging Market Currency Fund	1,028	1,017
Record Currency – Global Alpha Fund	959	961
	3,092	3,098

13. Deferred taxation – Group

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

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

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

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

	2015 £'000	2014 £'000
Profit and loss account movement arising during the year	(85)	153
Asset brought forward	158	5
Asset carried forward	73	158

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

	2015 £'000	2014 £'000
Deferred tax allowance on unvested share options	66	159
Shortfall / (excess) of taxation allowances over depreciation on fixed assets	7	(1)
	73	158

At the year end the Group had deferred tax assets of £72,518 (2014: £157,908). At the year end there were share options not exercised with an intrinsic value for tax purposes of £327,987 (2014: £755,687). On exercise the Group will be entitled to a corporation tax deduction in respect of the difference between the exercise price and the strike price. There is no unprovided deferred taxation.

14. Trade and other receivables

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

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Trade receivables	**4,648**	4,431	**—**	—
Amounts due from Group undertaking	**—**	—	**—**	146
Accrued income	**1,078**	518	**—**	—
Other receivables	**74**	51	**—**	—
Prepayments	**524**	646	**—**	—
	6,324	5,646	**—**	146

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. All of the Group's trade and other receivables have been reviewed for indicators of impairment; no such indicators were noted. The Group has not renegotiated the terms of any receivables in the year ended 31 March 2015. The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is £nil (2014: £nil).

15. Derivative financial assets and liabilities

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

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

Derivative financial assets	**2015 £'000**	2014 £'000
Forward foreign exchange contracts held to hedge cash flow	**8**	7
Forward foreign exchange contracts held for trading	**35**	153
Foreign exchange options held for trading	**576**	38
Total derivative financial assets	**619**	198

Derivative financial liabilities	**2015 £'000**	2014 £'000
Forward foreign exchange contracts held to hedge cash flow	**—**	(3)
Forward foreign exchange contracts held for trading	**—**	(33)
Foreign exchange options held for trading	**(680)**	(86)
Total derivative financial liabilities	**(680)**	(122)

Derivative financial instruments held to hedge cash flow

At 31 March 2015 there were outstanding contracts with a principal value of £4,260,992 (31 March 2014: £3,198,193) 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 2015. The Group does not apply hedge accounting.

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

Derivative financial instruments held to hedge cash flow	**2015 £'000**	2014 £'000
Net (loss) / gain on forward foreign exchange contracts at fair value through profit or loss	**(92)**	173

Notes to the financial statements continued

For the year ended 31 March 2015

15. Derivative financial assets and liabilities continued

Derivative financial instruments held for trading

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

All derivative financial instruments held by the Record Currency – Global Alpha Fund and the Record Currency – Emerging Market Currency Fund were classified as held for trading throughout the period. The derivative financial instruments held by the Record Currency – FTSE FRB10 Index Fund were classified as held for trading until the fund was deconsolidated from the Group on 1 March 2014.

At 31 March 2015 there were outstanding contracts with a principal value of £36,120,350 (31 March 2014: £26,387,218).

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

Derivative financial instruments held for trading	2015 £'000	2014 £'000
Net loss on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	(232)	(283)

16. Cash management

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

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

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

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank deposits with maturities > 3 months	17,500	14,989	–	–
Treasury bills with maturity > 3 months	600	499	–	–
Money market instruments with maturities > 3 months	18,100	15,488	–	–
Cash	2,730	1,476	17	34
Bank deposits with maturities <= 3 months	9,280	10,027	–	–
Cash and cash equivalents	12,010	11,503	17	34
Total assets managed as cash	30,110	26,991	17	34

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Cash and cash equivalents – Sterling	10,525	10,827	17	34
Cash and cash equivalents – USD	818	613	–	–
Cash and cash equivalents – CHF	637	32	–	–
Cash and cash equivalents – other currencies	30	31	–	–
	12,010	11,503	17	34

Since 31 December 2011, the Group cash and cash equivalents balance has incorporated the cash held by the Record Currency – Emerging Market Currency Fund (refer to note 12 for explanation of accounting treatment). In May 2013 Record plc seeded the Record Currency – Global Alpha Fund with an investment of £1,000,000 and since this time the Group has had control over this fund. Therefore the cash and cash equivalents held by the Record Currency – Global Alpha Fund have also been incorporated above. As at 31 March 2015, the cash and cash equivalents held by the seed funds over which the Group had control totalled £3,920,614 (31 March 2014: £3,434,805) and the money market instruments with maturities > 3 months held by these funds were £599,758 (31 March 2014: £499,179).

17. Current liabilities

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

Trade and other payables

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Trade payables	**181**	304	**—**	—
Amounts owed to Group undertaking	**—**	—	**480**	447
Other payables	**1**	1	**1**	5
Other tax and social security	**312**	304	**—**	—
Accruals	**2,455**	2,097	**—**	—
	2,949	2,706	**481**	452

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

Current tax liabilities

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Corporation tax	**893**	832	**—**	—

18. Called up share capital

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

	2015		2014	
	£'000	**Number**	£'000	Number
Authorised				
Ordinary shares of 0.025p each	**100**	**400,000,000**	100	400,000,000
Called up, allotted and fully paid				
Ordinary shares of 0.025p each	**55**	**221,380,800**	55	221,380,800

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

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

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

	Number
Record plc shares held by EBT as at 31 March 2013	3,805,808
Adjustment for net purchases by EBT	68,175
Record plc shares held by EBT as at 31 March 2014	3,873,983
Adjustment for net sales by EBT	(25,921)
Record plc shares held by EBT as at 31 March 2015	**3,848,062**

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

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

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For the year ended 31 March 2015

19. Share-based payments

During the year ended 31 March 2015 the Group has managed the following share-based compensation plans:

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

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

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

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

a) Group Profit Share Scheme

Share-based payments with cash alternatives

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

The Group Profit Share Scheme allocates a proportion of operating profits to a profit share pool to be distributed between all employees of the Group. The Remuneration Committee has the discretion to vary the proportion awarded to the profit share pool between 25% and 35% of operating profits, with the intention of maintaining an average level of 30% of operating profits over the medium term. Directors and senior employees receive one third of their profit share in cash, one third in shares ("Earned Shares") and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares. The charge to profit or loss in respect of Earned Shares in the period was £683,978 (2014: £660,043). Other employees receive two thirds of their profit share in cash and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares.

If an individual elects to receive Additional Shares, the Group simultaneously awards a Matching Share value amount using a multiple decided by the Remuneration Committee. The multiple is dependent on the level of seniority of the employee. The number of shares is determined by the post-tax cash attributed to Earned Shares plus Additional Shares plus Matching Shares divided by the aggregate market value achieved on the purchase of all such shares in the market. The charge to profit or loss in respect of Matching Shares in the period was £273,155 (2014: £260,541). Shares awarded under the Profit Share Scheme do not include any vesting restrictions but rather restrictions over subsequent sale and transfer. All shares the subject of share awards vest immediately and are transferred to a nominee allowing the individual to retain full rights in respect of the shares purchased. These shares cannot be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee except as follows:

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

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

Shares awarded under this scheme are purchased in the market.

b) The Record plc Share Scheme

Equity-settled share-based payments

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

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

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

During 2011, the Share Scheme was amended to include the ability to grant HMRC approved options ("Approved Options") to employees of Record plc or its subsidiaries whilst retaining the ability to grant unapproved options ("Unapproved Options"). The exercise price per share of Approved Options must be no lower than the market value of a share on the dealing day immediately preceding the date of grant. Each participant may be granted Approved Options over shares with a total market value of up to £30,000 on the date of grant. There is no such limit on the value of grant for Unapproved Options, which may be granted with any exercise price (including £nil), but have recently been granted with a market value exercise price in the same way as for the Approved Options.

Options over an aggregate of 4,327,000 shares were granted under the Share Scheme during the year (2014: 3,560,000), of which 4,007,000 were made subject to Unapproved Options and 320,000 to Approved Options (2014: 2,945,000 made subject to Unapproved Options and 615,000 to Approved Options). All options were granted with an exercise price per share equal to the share price prevailing at the time of grant.

The 2,160,000 Unapproved Options issued on 26 November 2014 each become exercisable in three equal tranches on the third, fourth and fifth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent personal performance conditions have been satisfied.

The 1,847,000 Unapproved Options issued on 24 March 2015 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 320,000 Approved Options issued on 24 March 2015 each become exercisable on the fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

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

The Group share-based payment expense in respect of the Share Scheme was £166,587 in the year ended 31 March 2015 (2014: £155,625).

Outstanding share options

At 31 March 2015, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 9,910,750 (2014: 6,955,000). These deferred share awards and options are over issued shares, a proportion of which are hedged by shares held in an Employee Benefit Trust. Details of outstanding share options and deferred shares awarded to employees are set out below:

Date of grant	At 1 April 2014	Granted	Exercised	Lapsed / forfeited	**At 31 March 2015**	Earliest vesting date	Latest vesting date*	Exercise price
08/08/2011	750,000	—	—	(750,000)	**—**	08/08/13	08/08/15	£0.3180
08/08/2011	225,000	—	—	(75,000)	**150,000**	08/08/13	08/08/15	£0.3225
02/12/2011	600,000	—	—	—	**600,000**	02/12/15	02/12/15	£0.1440
18/12/2012	1,615,000	—	—	(125,000)	**1,490,000**	18/12/16	18/12/16	£0.3098
18/12/2012	205,000	—	(51,250)	—	**153,750**	18/12/13	18/12/16	£0.3098
27/09/2013	615,000	—	—	(135,000)	**480,000**	27/09/17	27/09/17	£0.3085
27/09/2013	1,545,000	—	—	(235,000)	**1,310,000**	27/09/14	27/09/17	£0.3085
18/11/2013	1,400,000	—	—	—	**1,400,000**	18/11/16	18/11/18	£0.3000
26/11/2014	—	2,160,000	—	—	**2,160,000**	26/11/17	26/11/19	£0.3586
24/03/2015	—	320,000	—	—	**320,000**	24/03/19	24/03/19	£0.3450
24/03/2015	—	1,847,000	—	—	**1,847,000**	24/03/16	24/03/19	£0.3450
Total options	6,955,000	4,327,000	(51,250)	(1,320,000)	**9,910,750**			
Weighted average exercise price of options	£0.29	£0.35	£0.31	£0.31	**£0.32**			

*Note that under the terms of the deeds of grants, Unapproved Options are exercisable for a year following the vesting date and Approved Options are exercisable for up to six years after vesting.

During the year 51,250 options granted on 18 December 2012 were exercised. The share price at date of exercise was £0.34. At 31 March 2015 a total of 453,750 options had vested and were exercisable.

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

	Ordinary shares held as at **31 March 2015**	Ordinary shares held as at 31 March 2014
Record plc Group Profit Share Scheme (interest in restricted share awards)		
James Wood-Collins	**753,377**	1,272,732
Leslie Hill	**294,528**	278,748
Bob Noyen	**303,378**	292,022
Steve Cullen	**146,220**	67,173
Record plc Share Scheme (interest in unvested share options)		
James Wood-Collins	**2,030,000**	1,400,000
Leslie Hill	**630,000**	—
Bob Noyen	**630,000**	—
Steve Cullen	**345,000**	75,000

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19. Share-based payments continued

Performance measures

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

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

Grants of options made to Board Directors under the Unapproved Option Scheme include certain performance criteria and claw back provisions. At vesting date, a percentage of the total options granted will vest according to the average growth in Earnings Per Share ("EPS") over a three year period, as follows:

Record's 3 year average EPS growth	Percentage of shares subject to the award which vest
>RPI growth + 13%	100%
>RPI growth + 10%, = <RPI + 13%	75%
>RPI growth + 7%, = <RPI + 10%	50%
>RPI growth + 4%, = <RPI + 7%	25%
=<RPI growth + 4%	0%

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

c) The Record plc Share Incentive Plan

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

As an incentive to employees, the Group matches every two shares bought by employees with a free matching share. During the year, the Group awarded 40,192 free shares (2014: 31,143 free shares) to employees. The expense charged in respect of the SIP was £12,579 in the year ended 31 March 2015 (2014: £10,865).

20. Non-controlling interest

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

Record has seeded three funds which have been active during the year ended 31 March 2015.

The Record Currency – Emerging Market Currency Fund was considered to be under control of the Group as the combined holding of Record plc and its Directors constituted a majority interest throughout the period. Similarly, the Record Currency – Global Alpha Fund is considered to be under control of the Group as the combined holding of Record plc and its Directors has constituted a majority interest since inception.

The Record Currency – FTSE FRB10 Index Fund has not been under the control of the Group since 28 February 2014, when new external investment meant that Record no longer held a majority interest.

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

Relative holding of investors other than Record plc in seeded funds consolidated into the accounts of the Record Group	2015	2014
Record Currency – Emerging Market Currency Fund		
Board Directors	42%	43%
Other investors	30%	28%
Total non-controlling interest	72%	71%
Record Currency – Global Alpha Fund		
Board Directors	54%	54%
Other investors	1%	1%
Total non-controlling interest	55%	55%

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

	2015 £'000	2014 £'000
Total assets	3,861	3,521
Total liabilities	(147)	(15)
Equity attributable to owners of the parent	1,027	1,018
Non-controlling interests	2,687	2,488
Profit and total comprehensive income for the year attributable to owners of the parent	10	(31)
Profit and total comprehensive income for the year attributable to NCI	194	(257)
Profit and total comprehensive income for the year	204	(288)
Cash inflow/(outflow)	313	(433)

Summarised financial information for Record Currency – Global Alpha Fund, before intragroup eliminations, is set out below:

	2015 £'000	2014 £'000
Total assets	2,958	2,258
Total liabilities	(809)	(119)
Equity attributable to owners of the parent	960	960
Non-controlling interests	1,189	1,179
Profit and total comprehensive income for the year attributable to owners of the parent	—	(40)
Profit and total comprehensive income for the year attributable to NCI	(2)	(49)
Profit and total comprehensive income for the year	(2)	(89)
Cash inflow	273	535

Mark to market value of external holding in seed funds consolidated into the accounts of the Record Group	2015 £'000	2014 £'000
Record Currency – Emerging Market Currency Fund	2,687	2,488
Record Currency – Global Alpha Fund	1,189	1,179
	3,876	3,667

Notes to the financial statements continued

For the year ended 31 March 2015

21. Financial risk management

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

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

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

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

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

Credit risk

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

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

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

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

Financial assets at 31 March	2015 £'000	2014 £'000
Investment in Record Currency – FTSE FRB10 Index fund	1,105	1,120
Securities (TIPS)	1,462	1,634
Trade receivables	4,648	4,431
Accrued income	1,078	518
Other receivables	74	51
Other financial assets at fair value through profit or loss	619	198
Money market instruments with maturities > 3 months	18,100	15,488
Cash and cash equivalents	12,010	11,503
	39,096	34,943

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

At 31 March 2015	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	4,648	4,648	—	—
Accrued income	1,078	1,078	—	—
	5,726	5,726	—	—
		100%	0%	0%

At 31 March 2014	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	4,431	4,226	205	—
Accrued income	518	518	—	—
	4,949	4,744	205	—
		96%	4%	0%

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

Trade receivables are made up of 44 debtors' balances (2014: 42). The largest individual debtor corresponds to 17% of the total balance (2014: 20%). Debtor days, based on the generally accepted calculation of debtor days, is 82 days (2014: 80 days). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2015 no debt was overdue (2014: 4%). No debtors' balances have been renegotiated during the year or in the prior year.

Liquidity risk

The Group is exposed to liquidity risk, namely that it may be unable to meet its payment obligations as they fall due. The Group maintains sufficient cash and marketable securities to be able to meet all such obligations. Management review cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet the future working capital requirements and to take advantage of business opportunities. The average creditor payment period is 15 days (2014: 24 days).

Contractual maturity analysis for financial liabilities:

At 31 March 2015	Carrying amount £'000	Due or due in less than 1 month £'000	Due between 1 and 3 months £'000	Due between 3 months and 1 year £'000
Trade and other payables	**181**	**117**	**14**	**50**
Accruals	**2,455**	**129**	**1,254**	**1,072**
Derivative financial liabilities	**680**	**70**	**344**	**266**

At 31 March 2014	Carrying amount £'000	Due or due in less than 1 month £'000	Due between 1 and 3 months £'000	Due between 3 months and 1 year £'000
Trade and other payables	305	305	—	—
Accruals	2,097	146	1,080	871
Derivative financial liabilities	122	110	8	4

Interest rate risk

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

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

Interest rate profiles

At 31 March 2015	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Investment in Record Currency – FTSE FRB10 Index fund	—	—	1,105	1,105
Securities (TIPS)	—	1,462	—	1,462
Trade receivables	—	—	4,648	4,648
Accrued income	—	—	1,078	1,078
Other receivables	—	—	74	74
Derivative financial assets at fair value through profit or loss	—	—	619	619
Money market instruments with maturities > 3 months	18,100	—	—	18,100
Cash and cash equivalents	9,280	2,730	—	12,010
Total financial assets	**27,380**	**4,192**	**7,524**	**39,096**
Financial liabilities				
Trade and other payables	—	—	(181)	(181)
Accruals	—	—	(2,455)	(2,455)
Derivative financial liabilities at fair value through profit or loss	—	—	(680)	(680)
Total financial liabilities	**—**	**—**	**(3,316)**	**(3,316)**

Notes to the financial statements continued

For the year ended 31 March 2015

21. Financial risk management continued

Interest rate profiles continued

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

Foreign currency risk

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

The Group is exposed to foreign currency risk on sales and cash holdings that are denominated in a currency other than Sterling, and also on assets and liabilities held by the Record Currency – Global Alpha Fund. The principal currencies giving rise to this risk are the US Dollar, the Swiss Franc, the Euro and the Canadian Dollar.

In the year ended 31 March 2015, the Group invoiced the following amounts in currencies other than Sterling:

	Local currency value '000	**Value in reporting currency £'000**
Swiss Franc (CHF)	11,858	7,852
US Dollar (USD)	9,654	6,072
Euro (EUR)	1,105	852
Canadian Dollar (CAD)	660	361
Singapore Dollar (SGD)	35	17
		15,154

The value of revenues for the year ended 31 March 2015 that were denominated in currencies other than Sterling was £15.2 million (72% of total revenues). For the year ended 31 March 2014: £14.7 million (74% of total revenues).

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

The spot transactions relating to the maturity of these forward foreign exchange contracts are expected to occur within the next three months. Changes in the fair values of forward foreign exchange contracts are recognised directly in profit or loss.

Of the cash denominated in currencies other than Sterling (refer to note 16), only the cash holdings of the Record Currency – Global Alpha Fund (totalling £807,607) are not covered by the Group's hedging process, therefore the Directors consider that the foreign currency risk on cash balances is not material.

The Group is exposed to foreign currency risk on all the assets and liabilities held by the Record Currency – Global Alpha Fund, which are consolidated into the Group Accounts. A sensitivity analysis of the impact of the valuation of the net assets of this seed fund are provided opposite on page 89.

Foreign currency risk – sensitivity analysis

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

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
10% weakening in the £/$ exchange rate	**588**	520	**588**	520
10% strengthening in the £/$ exchange rate	**(588)**	(520)	**(588)**	(520)
10% weakening in the £/CHF exchange rate	**505**	295	**505**	295
10% strengthening in the £/CHF exchange rate	**(505)**	(295)	**(505)**	(295)

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 $1.61/£ this would result in a weakened exchange rate of $1.47/£ and a strengthened exchange rate of $1.79/£.

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 CHF1.50/£ this would result in a weakened exchange rate of CHF1.36/£ and a strengthened exchange rate of CHF1.67/£.

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

Emerging Market Currency Fund

The Group seeded a product in December 2010 called the Record Currency – Emerging Market Currency Fund, which manages a portfolio of emerging market currency deliverable forward exchange contracts and emerging market currency non-deliverable forward exchange contracts in order to achieve a return. As Record plc exerts control over the fund, it has been consolidated into the Group's primary statements. The net assets of the fund at 31 March 2015 were £3,714,107 (2014: £3,505,641). The Group has provided the following data in respect of sensitivity to this product:

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
10% depreciation in the Emerging Market portfolio	**(324)**	(304)	**(324)**	(304)
10% appreciation in the Emerging Market portfolio	**324**	304	**324**	304

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

Global Alpha Fund

The Group seeded a product in May 2013 called the Record Currency – Global Alpha Fund, which manages a portfolio of derivative financial instruments including forward exchange contracts, options and futures in order to achieve a return. As Record plc exerts control over the fund, it has been consolidated into the Group's primary statements. The net assets of the fund at 31 March 2015 were £2,148,875 (2014: £2,138,582). The Group has provided the following data in respect of sensitivity to this product:

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
18% depreciation in the Global Alpha portfolio	**(307)**	(305)	**(307)**	(305)
18% appreciation in the Global Alpha portfolio	**307**	305	**307**	305

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

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For the year ended 31 March 2015

22. Fair value measurement

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	2015 £'000	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**
Financial assets at fair value through profit or loss				
Investment in Record Currency – FTSE FRB10 Index Fund	1,105	1,105	—	—
TIPS	1,462	1,462	—	—
Forward foreign exchange contracts used for seed funds	35	—	35	—
Options used for seed funds	576	—	576	—
Forward foreign exchange contracts used for hedging	8	—	8	—
Financial liabilities at fair value through profit or loss				
Options used for seed funds	(680)	—	(680)	—
	2,506	**2,567**	**(61)**	**—**

	2014 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Investment in Record Currency – FTSE FRB10 Index Fund	1,120	1,120	—	—
TIPS	1,634	1,634	—	—
Forward foreign exchange contracts used for seed funds	153	—	153	—
Options used for seed funds	38	—	38	—
Forward foreign exchange contracts used for hedging	7	—	7	—
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for seed funds	(33)	—	(33)	—
Options used for seed funds	(86)	—	(86)	—
Forward foreign exchange contracts used for hedging	(3)	—	(3)	—
	2,830	2,754	76	—

There have been no transfers between levels in the reporting period (2014: none).

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

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

Classes and fair value of financial instruments

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

Categories of financial instrument

At 31 March 2015	Note	Loans and receivables £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
Investment in Record Currency – FTSE FRB10 Index Fund	12	—	—	1,105	—
TIPS	12	—	—	1,462	—
Trade and other receivables (excludes prepayments)	14	5,800	—	—	—
Money market instruments with maturities > 3 months	16	18,100	—	—	—
Cash and cash equivalents	16	12,010	—	—	—
Derivative financial assets at fair value through profit or loss	15	—	—	619	—
Current trade and other payables	17	—	(182)	—	—
Accruals	17	—	(2,455)	—	—
Derivative financial liabilities at fair value through profit or loss	15	—	—	—	(680)
		35,910	**(2,637)**	**3,186**	**(680)**

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

23. Operating lease commitments

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

On 25 January 2006, the Group signed a lease on new premises at Morgan House, Madeira Walk, Windsor, Berkshire. This lease expires on 19 June 2016. The annual commitment under this lease is £229,710 (2014: £229,710).

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

At 31 March 2015 the Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	2015 £'000	2014 £'000
Not later than one year	**230**	230
Later than one year and not later than five years	**57**	287
	287	517

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For the year ended 31 March 2015

24. Related parties transactions

Company

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

Transactions with subsidiaries

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

	2015 £'000	2014 £'000
Amounts due from subsidiaries	—	146
Amounts due to subsidiaries	(480)	(447)
Interest received from subsidiaries on intercompany loan balances	1	5
Net dividends received from subsidiaries	3,070	4,900

Amounts owed to and by related parties will be settled in cash. No guarantees have been given or received. No provisions for doubtful debts have been raised against amounts outstanding (2014: £nil). No expense has been recognised during the period in respect of bad or doubtful debts due from related parties. During the year ended 31 March 2014, as a result of the dissolution of Record Currency Management (Jersey) Limited, Record plc wrote off an intercompany loan balance due from Record Currency Management (Jersey) Limited with a total of £228,530.

Transactions with seeded funds

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

Record Currency – Global Alpha Fund and Record Currency – Emerging Market Currency Fund are both related parties on this basis. Similarly, the Record Currency – FTSE FRB10 Index Fund was a related party until Record plc ceased to have the majority interest as a result of external investment into the fund sufficient to dilute Record plc's holding; there was no transaction between the Company and this fund during the year.

Group

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

Key management personnel compensation

	2015 £'000	2014 £'000
Short-term employee benefits	3,568	3,651
Post-employment benefits	229	263
Share-based payments	940	1,052
	4,737	4,966

The dividends paid to key management personnel in the year ended 31 March 2015 totalled £1,677,173 (2014: £2,503,685)

Directors' remuneration

	2015 £'000	2014 £'000
Emoluments[1] (excluding pension contribution)	2,254	2,136
Gains made on exercise of share options	—	—
Pension contribution[2]	137	140
Aggregate emoluments of the Directors	2,391	2,276

During the year, three Directors of the Company (2014: four) participated in the Group Personal Pension Plan, a defined contribution scheme.

1 Excludes termination payments made to Paul Sheriff.
2 Includes payments made in lieu of pension contributions.

25. Capital management

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

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

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

	2015 £m	2014 £m
Regulatory capital	**8.8**	8.7
Other operating capital	**20.5**	17.7
Operating capital	**29.3**	26.4
Seed capital	**3.1**	3.1
Total capital	**32.4**	29.5

Operating capital is equivalent to the aggregate net current assets of the Company and the main trading subsidiaries of the Group. Operating capital is intended to cover the regulatory capital requirement plus capital required for day to day operational purposes. The Directors consider that the other operating capital significantly exceeds the actual day to day operational requirements.

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

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

26. Ultimate controlling party

As at 31 March 2015 the Company had no ultimate controlling party, nor at 31 March 2014.

27. Post reporting date events

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

Five year summary

Year ended 31 March	2011 £'000	2012 £'000	2013 £'000	2014 £'000	**2015 £'000**
Management fees	28,139	20,436	18,061	20,271	**20,255**
Performance fees	—	—	—	—	**480**
Other revenue	57	99	491	(349)	**322**
Revenue	28,196	20,535	18,552	19,922	**21,057**
Cost of sales	(102)	(252)	(221)	(86)	**(148)**
Gross profit	28,094	20,283	18,331	19,836	**20,909**
Operating expenses	(15,741)	(13,729)	(12,411)	(13,412)	**(13,373)**
Operating profit	12,353	6,554	5,920	6,424	**7,536**
Net interest	184	155	158	113	**146**
Profit before taxation	12,537	6,709	6,078	6,537	**7,682**
Taxation	(3,603)	(1,803)	(1,450)	(1,494)	**(1,708)**
Profit after taxation	8,934	4,906	4,628	5,043	**5,974**
Total comprehensive income for the year attributable to owners of the parent	8,907	4,913	4,334	5,407	**5,782**
Basic EPS (pence)	4.03	2.23	1.98	2.48	**2.66**

Information for shareholders

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Registered in England and Wales
Company No. 1927640

Registered office
Morgan House
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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 2015 dividend

Ex-dividend date	25 June 2015
Record date	26 June 2015
Annual General Meeting	23 July 2015
Final dividend payment date	29 July 2015

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
'EBT'	Employee Benefit Trust
'EPS'	Earnings per share
'EU'	European Union
'FRB'	Forward Rate Bias
'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 Conduct Authority
'Statement of financial position'	IFRS term equivalent to balance sheet
'TIPS'	US government treasury inflation protected securities
'US'	United States of America

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