RECORD plc

22 November 2019

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS TO 30 SEPTEMBER 2019

Record plc, the specialist currency manager, today announces its unaudited results for the six months to 30 September 2019.

Financial headlines:

- *Growth in AUME[1] of 4.6% in USD terms to $59.9bn (31 March 2019: $57.3bn) and 10.6% in GBP terms to £48.6bn (31 March 2019: £44.0bn)*
- *Positive net inflows of $2bn (six months to 30 September 2018: $nil)*
- *Continued growth in client numbers to 70 (31 March 2019: 65)*
- *Management fees declined by 3% to £11.1m (six months to 30 September 2018: £11.4m)*
- *No performance fees in period (six months to 30 September 2018: £1.0m)*
- *Operating margin of 27% (six months to 30 September 2018: 32%) reflects no performance fees offset by ongoing cost control*
- *Profit before tax of £3.2m (six months to 30 September 2018: £4.0m)*
- *Basic EPS of 1.29 pence (six months to 30 September 2018: 1.63 pence)*
- *Strong financial position with shareholders' equity of £26.4m (30 September 2018: £26.4m)*
- *Interim dividend of 1.15 pence per share will be paid on 27 December 2019 (interim dividend in respect of six months to 30 September 2018: 1.15 pence per share)*

Key developments:

- *Continuing innovation – introduction of the Dynamic Macro Currency strategy, complementary to our more systematic return-seeking currency strategies*
- *Expanding capabilities in managing derivatives and derivative overlays in asset classes other than currency*
- *Distribution capability – further progress in developing North American platform*
- *New Group Profit Scheme rules with improved link to Group and individual performance*

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[1] As a currency manager, Record manages only the impact of foreign exchange and not the underlying assets, therefore its "assets under management" are notional rather than real. To distinguish this from the AUM of conventional asset managers, Record uses the concept of assets under management equivalents "AUME" and by convention this is quoted in US dollars. A full definition of AUME is provided at the end of this document.

Commenting on the results, James Wood-Collins, Chief Executive Officer of Record plc, said:

"It's pleasing to announce growth in AUME to almost $60 billion, including net inflows in the period of $2 billion, and continued growth in client numbers to 70. This momentum reflects demand for our innovative currency management solutions.

"The period has seen positive investment performance across our Enhanced Passive Hedging and Dynamic Hedging products, as well as our Multi-Strategy product which now boasts a long-term risk-adjusted return in the top quartile of its peer group. The first half also saw continued innovation in our institutional offering including developing capabilities in adjacent asset classes.

"We continue to see an encouraging range of new business opportunities across a broad range of products and geographies, balanced against continued competition and fee pressure. To stay ahead we recognise the ongoing need to invest in the source of our advantage: our people and technology.

"We remain confident of making further progress in the current financial year. Over the longer term, the Group will continue to benefit from our established industry position, investment expertise, and operational scalability."

Analyst briefing

There will be a presentation for analysts at 9.30am on Friday 22 November 2019 at Cenkos plc offices: 6-8 Tokenhouse Yard, London, EC2R 7AS. A conference call facility will be available on the morning and an audio webcast will be made available later that day on the Group's website at www.recordcm.com.

Conference call:

UK Toll-Free: 0800 3589 473

UK: +44 3333 000 804

PIN: 40299582#

For additional details and registration for the analyst briefing, please contact the team at Buchanan as detailed below.

For further information, please contact:

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Chief Executive Officer's statement

AUME grew over the six months to 30 September 2019 in both US dollar terms and to an even greater degree in sterling terms, reflecting positive net inflows and market movement. We continued to grow our customer base, building on our high levels of customer loyalty. Management fees grew modestly compared to the second half of last year but declined modestly compared to the first half of last year. Whilst investment performance was broadly positive no performance fees were earned during the period.

Performance overview

Enhanced Passive Hedging added value over some fixed-tenor benchmarks, as shown for a representative account in the "Product investment performance" section. For US Dynamic Hedging clients, performance over the period was positive as the US dollar generally strengthened.

Record's Currency for Return strategies performed well across the board, emphasising our ability to deliver risk-adjusted returns to our clients. Performance was positive for the Forward Rate Bias and Emerging Market strategies. Positive performance overall for Multi-Strategy has helped contribute to an attractive long-term risk-adjusted return in the top quartile of its peer group.

An overview of the market environment that contributed to this performance can be found in the "Market overview" section.

Asset flows

AUME grew over the period by 4.6% in US dollar terms to $59.9 billion, and by 10.6% in sterling terms to £48.6 billion. Net flows were positive over the period, with net inflows in each of Dynamic Hedging ($0.2 billion), Passive Hedging ($1.6 billion) and Currency for Return ($0.2 billion), attributable both to inflows from existing clients and to new clients. Market and exchange rate movements also contributed to growth in AUME over the period, as set out in more detail in the "AUME development" section.

Products and product innovation

We have maintained our practice of enhancing established products, in addition to innovating new products and strategies, in order both to meet our clients' needs and expectations and to generate value for shareholders. This period has seen continued adoption of enhanced Passive Hedging amongst our clients, as well as the ongoing incorporation of Range-Trading into Multi-Strategy mandates.

We continue to invest in our core markets with the strengthening of our team in New York, including through hiring John Floyd, a twenty-plus year veteran of the FX markets. John's experience includes managing his Dynamic Macro strategy, complementary to Record's more systematic return-seeking currency strategies. Our Record Currency Multi-Strategy Fund now has allocations to both strategies.

In addition to building momentum in our core currency management business, we are also broadening our capabilities in managing derivatives and derivative overlays in asset classes other than currency. We recognise that our core investment management capabilities are applicable in adjacent markets; we have long managed equity and other asset class futures for clients who wish to generate a synthetic return on cash held to meet hedging cash flows, and we are now extending this capability to other asset classes. We anticipate that clients may employ these capabilities to achieve short-term goals, and the associated fees will be reported within "Other investment services income".

Delivering new products and strategies will require enhanced capabilities supported by technology, and the maintenance of our IT resilience, robustness and security. Achieving these will require measured technology investment.

Clients and distribution

Client numbers have grown 8% over the period, from 65 to 70. Political and economic uncertainty, and the resulting market volatility, continued to provide an opportunity for us to engage with new and existing clients. We have continued to broaden our distribution reach, with modest growth in employee numbers in both our New York and Zürich offices. This growth has come about in part from internal transfers, and in part from local hires including that of John Floyd referred to above.

Brexit and regulation

Our approach to Brexit continues to be as set out in Record's Annual Report 2019, namely that we expect to be able to continue to serve all our current EU27 clients thereafter, irrespective of whether and how the UK leaves the European Union. At the time of writing a UK general election is scheduled for 12 December 2019, and the Article 50 notice period has been extended until no later than 31 January 2020. The manner and timing of the UK's departure from the European Union is likely to be dependent on the outcome of the general election.

We have also continued our preparations for the implementation of the Senior Managers & Certification Regime, under which Record is classified as a "Core" firm. Our plans are in place for implementation from 9 December 2019.

Financial highlights

Management fees of £11.1 million represented a 3% decline on the first half of last year, and 2% growth on the second half, as sterling's depreciation combined with some recovery from prior period outflows. No performance fees were earned during the period, notwithstanding widespread positive investment performance. As a result, revenues declined by 10% compared to the first half of last year, and by 8% compared to the second half, to £11.4 million.

Continued focus on costs saw administrative expenses held essentially flat at £8.2 million, leading to an operating margin of 27% (H1-19: 32% and H2-19: 31%) and profit before tax of £3.2 million. This represented a 22% decline against the first half of last year and a 20% decline against the second half, largely attributable to the absence of performance fees.

Administrative expenses include Record's principal variable remuneration scheme, known as the Group Profit Share (GPS). This period saw the first implementation of the changes to GPS described in Record's Annual Report 2019, intended to better balance rewarding individual contribution as well as firm-wide performance. As a result the GPS pool has been determined as 31.1% of operating profits, within the established 25% to 35% range, with the increase above 30% largely recognising progress in generating new business and strengthening prospective client relationships. The total cost of the GPS payments, at £1.4 million, is 17% less than for the first half of last year, and 15% less than for the second half, in line with the decline in operating profit.

Further details on financial performance in the period can be found in the Financial Review.

Dividend

An interim dividend of 1.15 pence per share (H1-19: 1.15 pence per share), will be paid on 27 December 2019 to shareholders on the register at 6 December 2019.

Outlook

As a profitable business with a 36 year track record, established reputation, broad solution suite and extensive distribution we approach the future from a great vantage point. The market fundamentals are highly attractive, as institutional clients globally seek to maximise and safeguard their investments in an ever-changing geopolitical environment. As a Board and management team we recognise that future success will continue to depend in large part on our responsiveness to client demand and market opportunities. This responsiveness combined with economic, political and market uncertainty, means that we are seeing an encouraging range of new business opportunities across products and geographies. Taking advantage of these opportunities will require a maintained investment in people across the Record Group, and increasingly in technology to provide flexible, responsive offerings for our clients.

All of the Group's management and staff are working hard to convert these opportunities into profitable business. On behalf of the Board, I would like to thank our clients for their continued support, and our staff for their commitment and hard work.

James Wood-Collins
Chief Executive Officer
21 November 2019

Interim management review

Market overview

The six months to 30 September 2019 saw a new trend of central bank easing emerge, both across developed and emerging markets. In particular, the US Federal Reserve, the Reserve Bank of Australia, and the Reserve Bank of New Zealand all cut policy rates twice. In the Eurozone, the European Central Bank cut its policy rate further into negative territory and restarted its asset purchase program. Other negative-rate central banks, including the Swiss National Bank and Bank of Japan considered similar actions.

Central bank easing was driven by a re-escalation of trade tensions between the US and China, following a short-lived truce. The economic uncertainty that followed began to have visible effects on global activity and trade during the period. The uncertain global outlook, combined with still-evident US economic outperformance, meant that the US dollar strengthened against most other developed market currencies. There were some exceptions to this including the Japanese yen, which benefited from worsening risk sentiment. The US dollar appreciated by approximately 3.5% against a basket of developed market currencies.

Operating review

Product investment performance

Record's enhanced Passive Hedging service aims to reduce the cost of hedging by introducing flexibility into the implementation of currency hedges, without changing the hedge ratios.

The table below shows the total value added relative to a fixed-tenor benchmark for an enhanced Passive Hedging programme for a representative account.

	Half year return	**Return since inception p.a.**
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark[2]	0.04%	0.12%

During the period, US-based Dynamic Hedging clients experienced a strengthening of the US dollar against developed market currencies. The Dynamic Hedging programmes responded as expected; hedge ratios varied systematically in response to currency movements and hedging returns in the programmes were positive.

The FTSE Currency FRB10 Index performed positively with gains largely attributable to appreciation in the US dollar on the basis of stronger economic performance relative to other developed markets.

The Emerging Market strategy also performed positively over the period, primarily due to the appreciation of higher-yielding currencies in the strategy, including the Turkish lira, Russian rouble, and Indonesian rupiah.

Investment performance in Record's Multi-Strategy offerings produced positive returns over the period.

[2] Since inception in October 2014 (unaudited).

Fund name	Gearing	Half year return	Return since inception p.a.	Volatility since inception p.a.
Record Currency - FTSE FRB10 Index Fund[3]	1.8	0.27%	1.70%	6.73%
Record Currency - Emerging Market Currency Fund[4]	1.0	3.67%	1.63%	6.33%
Record - Currency Multi-Strategy Fund[5]	5.5	0.77%	(1.72%)	9.33%

Index/composite returns	Half year return	Return since inception p.a.	Volatility since inception p.a.
FTSE Currency FRB10 GBP excess return[6]	0.02%	2.18%	4.50%
Record Multi-Strategy Composite [7]	2.38%	1.52%	2.80%

AUME development

AUME increased over the period by 4.6% to $59.9 billion in US dollar terms, and increased in sterling terms by 10.6% to £48.6 billion. The AUME movement over the six month period is analysed as follows:

AUME movement analysis in the six months to 30 September 2019

	$ billion
AUME at 1 April 2019	57.3
Net client flows	+2.0
Equity and other market impact	+1.3
Foreign exchange impact and mandate volatility scaling	-0.7
AUME at 30 September 2019	**59.9**

Net client flows by product in the six months to 30 September 2019

	$ billion
Passive Hedging	+1.6
Dynamic Hedging	+0.2
Currency for Return	+0.2
Multi-Product	0.0
Total flows	**+2.0**

Hedging

[3] Record Currency - FTSE FRB10 Index Fund return data is since inception in December 2010, GBP base (unaudited).
[4] Record Currency - Emerging Market Currency Fund return data is since inception in December 2010, GBP base (unaudited).
[5] Record - Currency Multi-Strategy Fund return data is since inception in February 2018, GBP base (unaudited).
[6] FTSE Currency FRB10 GBP excess return data is since December 1987, GBP base (unaudited).
[7] Record Multi–Strategy Composite return data is since inception in July 2012, showing excess returns data gross of fees in USD base and scaled to a 4% target volatility (unaudited).

Passive Hedging net inflows of +$1.6 billion for the period included some new clients, although the net inflows predominantly arose from adjustments to existing clients' mandates. Other movements impacting Passive Hedging AUME included market factors (+$1.3 billion) and movements in exchange rates (-$0.7 billion) with a net impact of +$0.6 billion. Similarly, Dynamic Hedging also saw adjustments in respect of existing clients' mandates with net inflows of +$0.2 billion, slightly offset by market and exchange rate movements of -$0.1 billion.

Currency for Return and Multi-product

Currency for Return AUME increased by +$0.2 billion over the period, represented by net inflows to existing clients' mandates.

Multi-product AUME finished the period +$0.1 billion higher due to market movements.

Equity and other market performance

Record's AUME is affected by movements in equity and other markets because the Passive and Dynamic Hedging mandates, and some of the Multi-product mandates, are linked to equity holdings or other asset types such as bonds or real estate.

Additional details on the composition of assets underlying the Hedging and Multi-product mandates are 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 30 September 2019

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

Forex

Approximately 88% of the Group's AUME is non-US dollar denominated. Therefore, foreign exchange movements may have an impact on AUME when expressing non-US dollar AUME in US Dollars, although this movement does not have an equivalent impact on the sterling value of fee income. Exchange rate movements decreased AUME by -$0.7 billion in the period.

Product mix

The product mix has remained broadly constant during the period, as shown in the table below.

AUME composition by product

	30 Sep 19		30 Sep 18		31 Mar 19	
	$bn	%	$bn	%	$bn	%
Passive Hedging	50.4	84	51.7	84	48.2	84
Dynamic Hedging	3.2	5	4.4	7	3.1	5
Currency for Return	2.9	5	2.4	4	2.7	5
Multi-product	3.1	5	3.0	5	3.0	5
Cash and other	0.3	1	0.3	-	0.3	1
Total	**59.9**	**100**	**61.8**	**100**	**57.3**	**100**

Client numbers

Client numbers increased by five clients since the financial year end, closing at 70 clients (H1-19: 66).

Financial review

Revenue

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

Performance fees can be earned over time periods which may not align with financial reporting periods. As a result, there is not necessarily a direct relationship between positive investment performance and performance fees earned in any single period.

Record's total revenue including performance fees decreased over the equivalent period last year by 10% to £11.4 million (H1-19: £12.6 million) and by 8% compared to the second half of last year (H2-19: £12.4 million).

The aggregate management fee income reduced by 3% to £11.1 million for the period (H1-19: £11.4 million), although increased by 2% when compared to H2-19 (£10.9 million), assisted by sterling's depreciation over the period. No performance fees were earned in the period (H1-19: £1 million). Other investment services income increased to £0.3 million (H1-19: £0.2 million).

Passive Hedging management fees of £5.9 million decreased by 2% over the equivalent period last year (H1-19: £6.0 million), but represent an increase of 5% over the second half of last year (H2-19: £5.6 million). This recovery reflects the net inflows into Passive Hedging AUME during the period assisted by both growth in clients' mandates due to market movements, and sterling weakness over the period. Passive Hedging management fees remained at 53% of total management fees, broadly in line with prior periods.

Dynamic Hedging management fees decreased by 15% to £2.0 million compared to the same period last year (H1-19: £2.3 million), reflecting the impact of the reduction to client mandates (-$1.1 billion) arising from the tactical changes to realise gains for clients in March 2019, slightly offset by the net inflows (+$0.2 billion) during this subsequent period. Consequently, Dynamic Hedging fees now represent 18% of total management fees, reduced from approximately 21% in prior periods.

Currency for Return management fees remained broadly consistent with prior periods with the full fee impact of the net inflow of $0.2 billion expected in subsequent periods.

Revenue from the Multi-product category has remained broadly constant, and generated management fees of £2.3 million in the period, including a slight increase over prior periods due to market growth assisted by sterling weakness.

Revenue analysis (£m)

	Six months ended 30 Sep 19	Six months ended 30 Sep 18	Year ended 31 Mar 19
Management fees			
Passive Hedging	5.9	6.0	11.6
Dynamic Hedging	2.0	2.3	4.6
Currency for Return	0.9	0.9	1.8
Multi-product	2.3	2.2	4.3
Total management fees	**11.1**	**11.4**	**22.3**
Performance fees	**-**	**1.0**	**2.3**
Other investment services income	0.3	0.2	0.4
Total revenue	**11.4**	**12.6**	**25.0**

Other investment services income consists of fees from ancillary investment management services.

Average management fee rates by product (bps p.a.)

The average management fee rates for most product lines have remained broadly constant over the six months ended 30 September 2019.

Expenditure

Expenditure analysis (£m)

	Six months ended 30 Sep 19	Six months ended 30 Sep 18	Year ended 31 Mar 19
Personnel costs	4.2	4.1	8.2
Non-personnel costs	2.6	2.5	5.1
Administrative expenditure excluding Group Profit Share	**6.8**	**6.6**	**13.3**
Group Profit Share	1.4	1.7	3.4
Total administrative expenditure	**8.2**	**8.3**	**16.7**
Other income and expenditure	-	0.1	-
Total expenditure	**8.2**	**8.4**	**16.7**

Cost discipline has been maintained, with the total administrative expenditure for the period of £8.2 million being broadly unchanged on the equivalent period in the prior year (H1-19: £8.3 million), and representing a decrease of £0.2 million compared to H2-19 (£8.4 million).

Personnel costs excluding Group Profit Share (“GPS”) are broadly unchanged on equivalent expenditure in prior periods and negligible movement in average employee numbers.

Non-personnel costs for the period of £2.6 million are in line with expectations based on the prior comparative period and the second half of last year.

Group Profit Share ("GPS") Scheme

The cost of the GPS scheme is £1.4 million for the period, decreasing in line with operating profit. The GPS cost is calculated as 31% of operating profits, which is within the previously established range of 25% to 35% of pre-GPS operating profit. Further information on the GPS scheme is given in the Chief Executive Officer's statement.

Operating profit and margins

Notwithstanding continued cost discipline, the absence of performance fees in the period has resulted in a reduced operating profit and operating profit margin.

Operating profit for the period was £3.1 million, a decrease of £0.9 million and £0.8 million on the equivalent period and second half of last year respectively.

Cash flow

The Group's ability to generate cash continues, with £3.6 million of cash generated from operating activities after tax during the period (H1-19: £3.5 million). Taxation paid during the period increased to £0.7 million compared to £0.4 million for the same period last year due primarily to performance fees earned in the prior year.

The Group paid dividends totalling £3.6 million in the period (H1-19: £3.3 million), more information for which is given in note 5 to the financial statements.

Dividends and capital

In line with the Board's capital and dividend policy, the Group will pay an interim dividend of 1.15 pence per share in respect of the six month period equating to a distribution of £2.3 million, following which the business will retain cash and money market instruments on the balance sheet which are significantly in excess of financial resource requirements required for regulatory purposes.

The Group has no debt and its capital and dividend policy aims to ensure continued balance sheet strength for the Group. Shareholders' funds were £26.4 million at 30 September 2019 (H1-19: £26.4 million).

Principal risks and uncertainties

The principal risks currently facing the Group and those that we anticipate the Group will be exposed to in the short term remain the same as those outlined in the Annual Report 2019.

These risks are:

- Strategic risk - including the risk of failure to deliver strategy and margin compression risk.
- Business risk - including concentration risk, people and employment risk, the risk of regulatory change and market liquidity risk.
- Operational risk - including technology and information security risk and the risk associated with the operational control environment.
- Investment risk - the risk of product underperformance.

Brexit

The Group continues to closely monitor developments with respect to Brexit. At the time of signing our Annual Report in June 2019, a change in the UK Prime Minister was imminent, the Withdrawal Agreement had not been endorsed by Parliament and the Article 50 notice period had been extended to 31 October. More recently, a further extension to the Article 50 notice period to no later than 31 January 2020 has been granted and a general election has been called for 12 December 2019. Notwithstanding the sustained uncertainty, we remain confident of being able to continue to provide our services to all current EU27 clients post-Brexit.

Further information is given in the Chief Executive's statement, and the 2019 Annual Report.

Statement of Directors’ responsibilities

The interim financial report is the responsibility of the Directors who confirm that to the best of their knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed and adopted by the EU;
- the interim management review includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the Annual Report 2019 that could do so.

The Directors of Record plc are listed on the Record plc website at recordcm.com/about-us/our-people/board-of-directors.

Neil Record
Chairman
21 November 2019

Steve Cullen
Chief Financial Officer
21 November 2019

Independent review report to Record plc

Report on the consolidated financial statements

Our conclusion

We have reviewed Record plc's consolidated financial statements (the "interim financial statements") in the Interim Report 2019 of Record plc for the 6 month period ended 30 September 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated statement of financial position as at 30 September 2019;
- the Consolidated statement of comprehensive income for the period then ended;
- the Consolidated statement of cash flows for the period then ended;
- the Consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report 2019 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report 2019, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report 2019 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report 2019 based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report 2019 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Reading
21 November 2019

Financial statements

Consolidated statement of comprehensive income

	Note	Unaudited Six months ended 30 Sep 19 £'000	Unaudited Six months ended 30 Sep 18 £'000	Audited Year ended 31 Mar 19 £'000
Revenue	3	**11,385**	**12,624**	**24,973**
Cost of sales		(119)	(194)	(385)
Gross profit		**11,266**	**12,430**	**24,588**
Administrative expenses		(8,232)	(8,295)	(16,704)
Other income or expense		50	(138)	(8)
Operating profit		**3,084**	**3,997**	**7,876**
Finance income		92	52	135
Finance expense		(9)	(11)	(22)
Profit before tax		**3,167**	**4,038**	**7,989**
Taxation		(652)	(822)	(1,559)
Profit after tax		**2,515**	**3,216**	**6,430**
Total comprehensive income for the period		**2,515**	**3,216**	**6,430**
Profit and total comprehensive income for the period attributable to:				
Owners of the parent		2,543	3,216	6,430
Non-controlling interests	11	(28)	-	-
		2,515	**3,216**	6,430
Earnings per share for the period (expressed in pence per share)				
Basic earnings per share	4	1.29p	1.63p	3.27p
Diluted earnings per share	4	1.29p	1.61p	3.25p

Consolidated statement of financial position

	Note	Unaudited As at 30 Sep 19 £'000	Unaudited As at 30 Sep 18 £'000	Audited As at 31 Mar 19 £'000
Non-current assets				
Property, plant and equipment		838	816	761
Right of use assets	6	1,401	-	-
Investments	7	1,152	1,075	1,112
Intangible assets		357	321	288
Deferred tax assets		-	34	-
Total non-current assets		**3,748**	**2,246**	**2,161**
Current assets				
Trade and other receivables		6,678	8,425	7,562
Derivative financial assets	10	132	178	164
Money market instruments with maturities > 3 months	8	13,860	9,804	10,735
Cash and cash equivalents	8	9,576	12,962	12,966
Total current assets		**30,246**	**31,369**	**31,427**
Total assets		**33,994**	**33,615**	**33,588**
Current liabilities				
Trade and other payables		(2,629)	(3,930)	(2,736)
Corporation tax liabilities		(604)	(772)	(692)
Financial liabilities	7	(2,721)	(2,361)	(2,621)
Derivative financial liabilities	10	(58)	(153)	(109)
Total current liabilities		**(6,012)**	**(7,216)**	**(6,158)**
Non-current liabilities				
Lease liabilities	6	(1,391)	-	-
Deferred tax liabilities		(61)	-	(29)
Total non-current liabilities		**(1,452)**	**-**	**(29)**
Total net assets		**26,530**	**26,399**	**27,401**
Equity				
Issued share capital	11	50	50	50
Share premium account		2,243	2,243	2,243
Capital redemption reserve		26	26	26
Retained earnings		24,059	24,080	25,022
Equity attributable to owners of the parent		**26,378**	**26,399**	**27,341**
Non-controlling interests	12	152	-	60
Total equity		**26,530**	**26,399**	**27,401**

Approved by the Board on 21 November 2019 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

Consolidated statement of changes in equity

Unaudited	Note	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Equity attributable to owners of the parent £'000	Non-controlling interests £'000	Total equity £'000
As at 31 March 2018		**50**	**2,237**	**26**	**24,238**	**26,551**	-	**26,551**
Profit and total comprehensive income for the period		**-**	**-**	**-**	**3,216**	**3,216**	-	**3,216**
Dividends paid	5	-	-	-	(3,252)	**(3,252)**	-	**(3,252)**
Own shares acquired by Record plc Employee Benefit Trust ("EBT")		-	-	-	(620)	**(620)**	-	**(620)**
Release of shares held by EBT		-	6	-	463	**469**	-	**469**
Share-based payments		-	-	-	35	**35**	-	**35**
Transactions with shareholders		**-**	**6**	**-**	**(3,374)**	**(3,368)**	-	**(3,368)**
As at 30 September 2018		**50**	**2,243**	**26**	**24,080**	**26,399**	-	**26,399**
Profit and total comprehensive income for the period		**-**	**-**	**-**	**3,214**	**3,214**	**-**	**3,214**
Dividends paid	5	-	-	-	(2,265)	**(2,265)**	-	**(2,265)**
Issue of shares in Trade Record Ltd		-	-	-	-	**-**	60	**60**
Own shares acquired by EBT		-	-	-	(273)	**(273)**	-	**(273)**
Release of shares held by EBT		-	-	-	214	**214**	-	**214**
Share-based payments		-	-	-	52	**52**	-	**52**
Transactions with shareholders		**-**	**-**	**-**	**(2,272)**	**(2,272)**	**60**	**(2,212)**
As at 31 March 2019		**50**	**2,243**	**26**	**25,022**	**27,341**	**60**	**27,401**
Profit and total comprehensive income for the period		**-**	**-**	**-**	**2,543**	**2,543**	**(28)**	**2,515**
Dividends paid	5	-	-	-	(3,619)	**(3,619)**	-	**(3,619)**
Issue of shares in Trade Record Ltd		-	-	-	-	**-**	120	**120**
Own shares acquired by EBT		-	-	-	(115)	**(115)**	-	**(115)**
Release of shares held by EBT		-	-	-	340	**340**	-	**340**
Share-based payments		-	-	-	(15)	**(15)**	-	**(15)**
IFRS16 opening adjustment	6	-	-	-	(97)	**(97)**	-	**(97)**
Transactions with shareholders		**-**	**-**	**-**	**(3,506)**	**(3,506)**	**120**	**(3,386)**
As at 30 September 2019		**50**	**2,243**	**26**	**24,059**	**26,378**	**152**	**26,530**

Consolidated statement of cash flows

	Note	Unaudited Six months ended 30 Sep 19 £'000	Unaudited Six months ended 30 Sep 18 £'000	Audited Year ended 31 Mar 19 £'000
Net cash inflow from operating activities after tax	9	**3,638**	**3,526**	**7,026**
Cash flow from investing activities				
Purchase of property, plant and equipment		(194)	(16)	(72)
Purchase of intangible assets		(124)	(124)	(134)
(Purchase)/sale of money market instruments with maturity > 3 months		(3,125)	394	(537)
Interest received		93	42	110
Net cash (outflow)/inflow from investing activities		**(3,350)**	**296**	**(633)**
Cash flow from financing activities				
Subscription for shares in subsidiary		120	-	40
Principle element of lease repayments		(299)	-	-
Purchase of own shares		-	(380)	(653)
Dividends paid to equity shareholders	5	(3,619)	(3,252)	(5,517)
Cash outflow from financing activities		**(3,798)**	**(3,632)**	**(6,130)**
Net (decrease)/increase in cash and cash equivalents in the period		**(3,510)**	**190**	**263**
Effect of exchange rate changes		120	274	205
Cash and cash equivalents at the beginning of the period		12,966	12,498	12,498
Cash and cash equivalents at the end of the period		**9,576**	**12,962**	**12,966**
Closing cash and cash equivalents consists of:				
Cash	8	2,097	2,042	2,150
Cash equivalents	8	7,479	10,920	10,816
Cash and cash equivalents	8	**9,576**	**12,962**	**12,966**

Notes to the consolidated financial statements

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

1 Basis of preparation

The condensed set of consolidated financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union. The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2019 (which were prepared in accordance with IFRSs as adopted by the European Union) have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

The accounting policies for recognition, measurement, consolidation and presentation as set out in the Group's Annual report and accounts for the year ended 31 March 2019 have been applied in the preparation of the IFRS condensed consolidated half year financial information except as noted below.

Application of new standards

One new standard and a number of amendments to standards became applicable for the current reporting period, and the Group had to change its accounting policies and make adjustments as a result of adopting IFRS 16, "Leases".

The impact of the adoption of the leasing standard, IFRS 16 – "Leases", and the new accounting policies are disclosed in note 6 below. The other amendments to standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Going concern

The Directors are satisfied that the Group has adequate resources with which to continue to operate for the foreseeable future, and therefore these financial statements have been prepared on a going concern basis.

Consolidation

The accounting policies adopted in these interim financial statements are identical to those adopted in the Group's most recent annual financial statements for the year ended 31 March 2019 with the exception of accounting for leases. An explanation of the impact of applying the new standard for accounting for leases is provided in note 6.

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 30 September 2019. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Company controls an entity, but does not own all the share capital of that entity, the interests of the other shareholders are stated within equity as non-controlling interests or within current liabilities as financial liabilities depending on the characteristic of the investment, being the proportionate share of the fair value of identifiable net assets on date of acquisition plus the share of changes in equity since the date of consolidation.

An Employee Benefit Trust ("EBT") has been established for the purposes of satisfying certain share-based awards. The Group has 'de facto' control over this entity. This trust is fully consolidated within the financial statements (see note 11 for further details).

Throughout the period, the Group had investments in four funds, three of which it was in a position to control. These fund investments are held by Record plc and represent seed capital investments by the Group. The funds controlled by the Group have been consolidated on a line-by-line basis from the time that the Group gained control over the fund.

2 Critical accounting estimates and judgements

The accounting policies, presentation and methods of computation applied in the interim financial statements are consistent with those applied in the financial statements for the year ended 31 March 2019, with the exception of accounting for leases. Note 6 describes how the Group has changed the way it accounts for leases following the application of IFRS 16 – "Leases" which was implemented on 1 April 2019. The Group's incremental borrowing rate should be used to calculate the present value of lease payments, however as the Group has no borrowings it has estimated the incremental borrowing rate (see note 6 for further detail).

3 Revenue

Revenue recognition

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

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

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

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

a) Revenue from contracts with customers

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

Revenue by product type	Six months ended 30 Sep 19 £'000	Six months ended 30 Sep 18 £'000	Year ended 31 Mar 19 £'000
Management fees			
Passive Hedging	5,880	5,999	11,610
Dynamic Hedging	1,994	2,351	4,598
Currency for Return	958	899	1,775
Multi-Product	2,301	2,172	4,325
Total management fee income	**11,133**	11,421	22,308
Performance fee income	-	1,048	2,333
Other investment services income	252	155	332
Total revenue	**11,385**	12,624	24,973

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.

Revenue by geographical region	Six months ended 30 Sep 19 £'000	Six months ended 30 Sep 18 £'000	Year ended 31 Mar 19 £'000
UK	1,157	1,142	2,239
US	2,996	3,260	6,439
Switzerland	4,717	5,985	11,401
Other	2,515	2,237	4,894
Total revenue	**11,385**	12,624	24,973

4 Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial period by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are 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 period used in the basic and diluted earnings per share calculations.

	Six months ended 30 Sep 19	Six months ended 30 Sep 18	Year ended 31 Mar 19
Weighted average number of shares used in calculation of basic earnings per share	196,424,001	196,859,947	196,655,224
Effect of potential dilutive ordinary shares – share options	532,520	2,780,948	1,462,554
Weighted average number of shares used in calculation of diluted earnings per share	**196,956,521**	**199,640,895**	**198,117,778**
Basic earnings per share	1.29p	1.63p	3.27p
Diluted earnings per share	1.29p	1.61p	3.25p

The potential dilutive shares relate to the share options granted in respect of the Group's Share Scheme. At the beginning of the period, there were share options in place over 12,291,703 shares. During the six months ended 30 September 2019, options over 1,985,000 shares were granted, options over 397,917 shares were exercised and options over 217,947 shares lapsed. As at 30 September 2019, there were share options in place over 13,660,839 shares.

5 Dividends

The dividends paid during the six months ended 30 September 2019 totalled £3,619,153 (1.84 pence per share) being a final ordinary dividend in respect of the year ended 31 March 2019 of 1.15 pence per share and a special dividend of 0.69 pence per share. An interim dividend of £2,265,135 (1.15 pence per share) was paid in the six months ended

31 March 2019, thus the full ordinary dividend in respect of the year ended 31 March 2019 was 2.30 pence per share. The dividend paid by the Group during the six months ended 30 September 2018 totalled £3,251,761 (1.65 pence per share) being a final ordinary dividend in respect of the year ended 31 March 2018 of 1.15 pence per share, and a special dividend of 0.50 pence per share.

The interim dividend declared in respect of the six months ended 30 September 2019 is 1.15 pence per share.

6 Changes in accounting policies for leases

This note explains the impact of the adoption of IFRS 16, “Leases”, on the Group’s financial statements, and it discloses the new accounting policies that have been applied from1 April 2019.
The Group has adopted IFRS 16 retrospectively from 1 April 2019 but it has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the Standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

a) Adjustments recognised on adoption of IFRS 16

The Group has elected to recognise the cumulative effect of initially applying the Standard to its leases retrospectively on the date of initial application (1 April 2019), and has not restated comparative information. The cumulative effect of initially applying this Standard results in an adjustment to the opening balance of retained earnings on the date of initial application.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17, “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s assumed incremental borrowing rate as of 1 April 2019. The assumed weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4%.

The Group had three lease agreements relating to its premises in Windsor, New York and Zürich, which were previously recognised as operating leases.

For each lease, a right-of-use asset has been recognised at its carrying amount as if the standard had been applied since the commencement date of each lease.

There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- right-of-use assets – increase by £1,560,371; and
- lease liabilities – increase by £1,672,994.

The net impact on retained earnings on 1 April 2019 was a decrease of £97,497 after adjusting prepayments and accrual balances pertaining to the leases which were recognised under the previous accounting policy.

The decrease in retained earnings will be offset over time by a lower annual Group income statement charge, as the total charge over the life of each lease is the same as under the previous IAS 17 requirements.

Earnings per share increased by 0.01 pence per share for the six months to 30 September 2019 as a result of the adoption of IFRS 16.

b) The Group’s leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of three to six years but they might have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. As the Group has no borrowings it has estimated the incremental borrowing rate based on interest rate data available in the market, adjusted to reflect Record's creditworthiness, the leased asset in question and the terms and conditions of the lease.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- an estimate of costs to be incurred to restore the assets to the conditions required by the terms and conditions of the lease.

7 Accounting for seed investments in funds

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

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

Record has seeded four funds which have been active during the half year ended 30 September 2019. The Group has controlled both the Record Currency – FTSE FRB10 Index Fund and the Record Currency – Strategy Development Fund throughout the half year ended 30 September 2019 and the comparative periods, and both were consolidated in full, on a line-by-line basis in the Group's financial statements throughout these periods.

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

Unit holdings in funds as at 30 September 2019

	Record plc	Related parties	Record plc plus related parties	Other investors
Record Currency - FTSE FRB10 Index Fund	71%	0%	**71%**	29%
Record Currency - Emerging Market Currency Fund	30%	15%	**45%**	55%
Record Currency - Strategy Development Fund	100%	0%	**100%**	0%
Record - Currency Multi-Strategy Fund	30%	65%	**95%**	5%

The Group was in control of the Record Currency – Emerging Market Currency Fund until 21 March 2018, at which point the Group no longer consolidated the fund on a line-by-line basis, but the Group did consolidate the fund in full on a line-by-line basis until that date. Since 21 March 2018, the fund has been classified as an investment and measured at fair value through profit or loss.

Investments

	As at 30 Sep 19 £'000	As at 30 Sep 18 £'000	As at 31 Mar 19 £'000
Record Currency - Emerging Market Currency Fund	1,152	1,075	1,112

Financial liabilities

Where a fund is consolidated on a line-by-line basis and Record plc is not the only investor, and the external investment instrument does not meet the definition of an equity instrument under IAS 32, then the instrument is classified as a financial liability. These financial liabilities are held at fair value, which represents the mark to market value of units held by investors other than Record in these funds, in accordance with IFRS.

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

	As at 30 Sep 19 £'000	As at 30 Sep 18 £'000	As at 31 Mar 19 £'000
Record Currency - FTSE FRB10 Index Fund	479	466	479
Record - Currency Multi-Strategy Fund	2,242	1,895	2,142
Financial liabilities	**2,721**	**2,361**	**2,621**

There is no external investment in the Record Currency - Strategy Development Fund.

The financial liabilities relate only to the fair value of the external investors' holding in the seed funds, and should not be construed as debt.

8 Cash management

The Group's cash management strategy employs a variety of treasury management instruments including cash, money market deposits and treasury bills with maturities of up to one year. We note that not all of these instruments are classified as cash or cash equivalents under IFRS.

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

In the Group's judgement, bank deposits and treasury bills with maturities in excess of three 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 greater than three months.

The table below summarises the instruments managed by the Group as cash, and their IFRS classification:

Assets managed as cash	**As at 30 Sep 19 £'000**	**As at 30 Sep 18 £'000**	**As at 31 Mar 19 £'000**
Bank deposits with maturities > 3 months	12,563	9,804	10,735
Treasury bills with maturities > 3 months	1,297	-	-
Money market instruments with maturities > 3 months	**13,860**	**9,804**	**10,735**
Cash	2,097	2,042	2,150
Bank deposits with maturities <= 3 months	7,479	9,020	10,816
Treasury bills with maturities <= 3 months	-	1,900	-
Cash and cash equivalents	**9,576**	**12,962**	**12,966**
Total assets managed as cash	**23,436**	**22,766**	**23,701**

9 *Cash flow from operating activities*

	Unaudited Six months ended 30 Sep 19 £'000	Unaudited Six months ended 30 Sep 18 £'000	Audited Year ended 31 Mar 19 £'000
Operating profit	**3,084**	**3,997**	**7,876**
Adjustments for non-cash movements:			
Depreciation of property, plant and equipment	117	110	221
Depreciation of right of use assets	282	-	-
Amortisation of intangible assets	55	31	74
Share-based payments	(16)	35	87
Net release of shares previously held by EBT	225	228	443
Other non-cash movements	(275)	(202)	(172)
	3,472	**4,199**	**8,529**
Changes in working capital			
Decrease/(increase) in receivables	754	(1,671)	(772)
Increase in payables	37	1,300	106
Decrease in derivative financial assets	31	87	102
(Decrease)/increase in derivative financial liabilities	(51)	124	80
Increase/(decrease) in financial liabilities	102	(106)	154
Cash inflow from operating activities	**4,345**	**3,933**	**8,199**
Interest paid	-	(11)	(22)
Corporation taxes paid	(707)	(396)	(1,151)
Net cash inflow from operating activities after tax	**3,638**	**3,526**	**7,026**

10 *Fair value measurement for derivative financial instruments*

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 based on the significance of inputs used in measuring their fair value. The 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:

As at 30 September 2019	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts used for seed funds	93	-	93	-
Options used for seed funds	9	-	-	9
Forward foreign exchange contracts used for hedging	30	-	30	-
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for seed funds	(22)	-	(22)	-
Forward foreign exchange contracts used for hedging	(36)	-	(36)	-
	74	**-**	**65**	**9**

As at 31 March 2019	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	106	-	106	-
Forward foreign exchange contracts used for seed funds	58	-	58	-
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(109)	-	(109)	-
	55	**-**	**55**	**-**

As at 30 September 2018	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts used for seed funds	154	-	154	-
Forward foreign exchange contracts used for hedging	24	-	24	-
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for seed funds	(78)	-	(78)	-
Forward foreign exchange contracts used for hedging	(75)	-	(75)	-
	25	**-**	**25**	**-**

There have been no transfers between levels in any of the reported periods.

Basis for classification of financial instruments within the fair value hierarchy

Forward foreign exchange contracts are classified as Level 2. These instruments are traded on an active market. The fair value of forward foreign exchange contracts is established using interpolation of observable market data rather than a quoted price.

Options are classified as level 3. These instruments are traded on an active market. The fair value of option is established using a Black-Scholes model.

11 Called up share capital

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

	Unaudited as at 30 Sep 19		Unaudited as at 30 Sep 18		Audited as at 31 Mar 19	
	£'000	Number	£'000	Number	£'000	Number
Authorised						
Ordinary shares of 0.025 pence each	**100**	**400,000,000**	100	400,000,000	100	400,000,000
Called up, allotted and fully paid						
Ordinary shares of 0.025 pence each	**50**	**199,054,325**	50	199,054,325	50	199,054,325

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

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

Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group statement of comprehensive income. Any such gains or losses are recognised directly in equity.

	Number
Record plc shares held by EBT as at 31 March 2018	**2,393,432**
Net change in holding of own shares by EBT in period	382,645
Record plc shares held by EBT as at 30 September 2018	**2,776,077**
Net change in holding of own shares by EBT in period	209,959
Record plc shares held by EBT as at 31 March 2019	**2,986,036**
Net change in holding of own shares by EBT in period	(663,868)
Record plc shares held by EBT as at 30 September 2019	**2,322,168**

The EBT holds shares in Record plc which are used to meet the Group's obligations to employees under the Group Profit Share Scheme and the Record plc Share Scheme. Own shares are recorded at cost and are deducted from retained earnings.

12 Non-controlling interest

From time to time, Record plc may make an investment in an entity where it is in a position to be able to control the entity by virtue of the size of its own holding plus those of any related party. Non-controlling interests occur when Record plc is not the only investor in the entity. The non-controlling interest is measured at cost plus the share of profit or loss of the third party investment in the entity.

Investment in Trade Record

On 22 March 2019, Record plc subscribed £40,000 for 40 per cent of the ordinary share capital of Trade Record Ltd. In a second round of investment on 8 May 2019, Record plc invested a further £80,000, maintaining Record plc's 40 per cent holding.

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

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

	Six months ended 30 Sep 19 £'000	Six months ended 30 Sep 18 £'000	Year ended 31 Mar 19 £'000
Non-controlling interest in Trade Record Ltd	**152**	**-**	**60**

13 Related parties

Related parties of the Group include key management personnel, close family members of key management personnel, subsidiaries, the EBT and the seed funds. There has been no change in related parties from those disclosed in the Annual Report 2019.

Key management personnel

The compensation given to key management personnel is as follows:

	Six months ended 30 Sep 19 £'000	Six months ended 30 Sep 18 £'000	Year ended 31 Mar 19 £'000
Short-term employee benefits	2,631	2,715	5,411
Post-employment benefits	120	106	204
Share-based payments	356	482	889
	3,107	**3,303**	**6,504**

The dividends paid to key management personnel in the six months ended 30 September 2019 totalled £1,914,884 (year ended 31 March 2019: £2,981,053; six months ended 30 September 2018: £1,754,262).

14 Post reporting date events

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

AUME definition

The basis for measuring AUME differs for each product and is detailed below:

- **Passive Hedging mandates:** - the aggregate nominal amount of passive hedges actually outstanding in respect of each client;
- **Dynamic Hedging mandates:** - total amount of clients' investment portfolios denominated in liquid foreign currencies, and hence capable (under the terms of the relevant mandate) of being hedged;
- **Currency for Return mandates:** - the maximum aggregate nominal amount of outstanding forward contracts for each client;
- **Multi-product mandates:** - the chargeable mandate size for each client;
- **Cash:** - the total set aside by clients and managed by Record.

Notes to Editors

- This announcement includes information with respect to Record's financial condition, its results of operations and business, strategy, plans and objectives. All statements in this document, other than statements of historical fact, including words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "will", "continue", "project" and similar expressions, are forward-looking statements.
- These forward-looking statements are not guarantees of the Company's future performance and are subject to risks, uncertainties and assumptions that could cause the actual future results, performance or achievements of the Company to differ materially from those expressed in or implied by such forward-looking statements.
- The forward-looking statements contained in this document are based on numerous assumptions regarding Record's present and future business and strategy and speak only as at the date of this announcement.
- The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement whether as a result of new information, future events or otherwise.