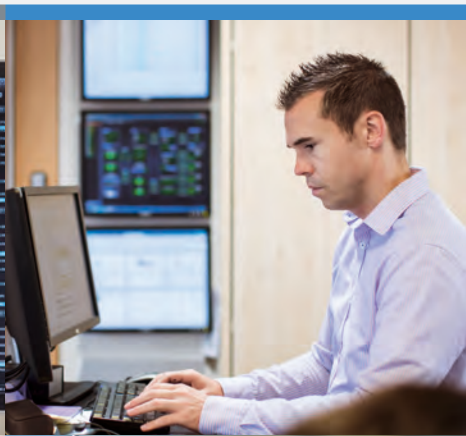
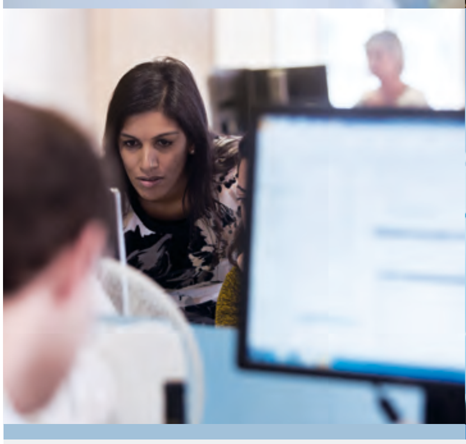
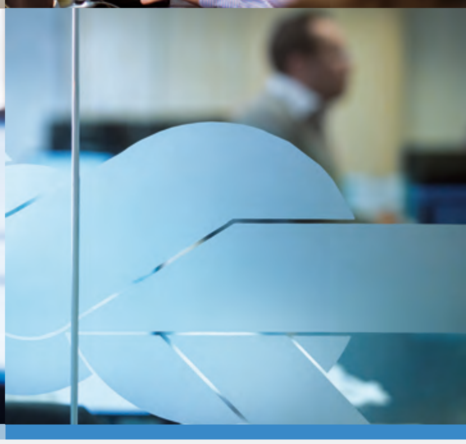
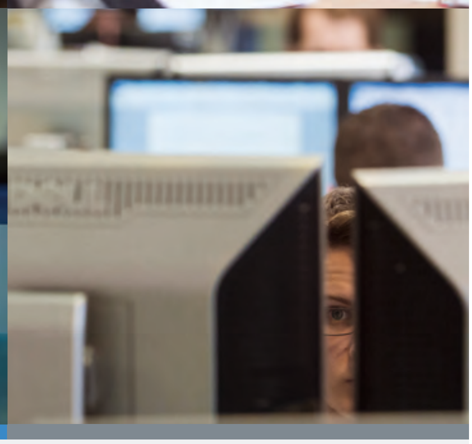
Annual Report 2016

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 is 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")

$53.7bn

2015: $55.4bn

Clients

58

2015: 55

Revenue

£21.1m

2015: £21.1m

Profit before tax

£6.9m

2015: £7.7m

Earnings per share

2.55p

2015: 2.66p

Dividend per share

1.65p

2015: 1.65p

Contents

Chairman's statement

> The business is well placed to face challenging environments and to take advantage of the opportunities arising with a strong, committed team of professionals and a robust financial position.

Overview

Record's business growth and prospects, being directly associated with the behaviour of global currency markets, are perhaps more intimately associated with the global macro position and outlook than businesses in other sectors. Hence it seems appropriate to briefly review the macro backdrop.

The year has been one of hesitant growth for the global economy and uncertainty in financial markets. Market sentiment continues to be driven more by political events and expectations around central bank policy than by longer-term economic factors. The effect on currency markets has been continued uncertainty and volatility in exchange rates.

The power of central banks and monetary policy makers to further stimulate domestic economies may, however, be approaching its limit, with quantitative easing and interest rate policies seemingly failing to boost growth and prevent deflation. In the US, for example, expectations of early interest rate rises during 2015 in response to US growth were eventually rewarded by the Federal Reserve raising rates in December 2015, with the expectation that further increases would follow further growth, which failed to materialise. The US dollar weakened over the year against most G10 currencies.

Similarly, in the UK, expectations of interest rate tightening diminished over the course of the year amidst concerns over growth and inflation. Sterling generally weakened during the year versus most other G10 currencies, weighed down further by concerns over the EU referendum towards the end of the year. More recently, in Japan, financial markets responded badly to the Bank of Japan's announcement of negative interest rates, in an attempt to boost growth and inflation levels. The consequent strength of the yen in the currency markets was the opposite reaction to that intended.

It is clear that global growth remains fragile, inflation elusive and the expectation for further interest rate tightening has, for now, abated. In such an environment, being able to sustain the levels of growth seen over the last two years has proved a challenge, but the business remains cognisant of its primary objectives of working hard to meet client demand for robust and innovative currency solutions and of creating long-term shareholder value.

Financial highlights

Client numbers grew for the fourth consecutive year, ending the year at 58 clients (2015: 55 clients). AUME fell marginally by 3% to $53.7 billion (2015: $55.4 billion) including net outflows for the year of $2.3 billion. Our Currency for Return products experienced net outflows for the year of $3.0 billion, represented principally by the tactical bespoke mandate previously identified as volatile. This was offset by net inflows to Passive Hedging of $1.8 billion, which now represents 82% of total AUME.

Revenues for the year were maintained at £21.1 million (2015: £21.1 million). Management fees increased to £20.9 million (2015: £20.3 million) predominantly due to the increase in Passive Hedging fees arising from the full year impact of the increases in Passive Hedging AUME reported in the latter part of last year. An increase in Currency for Return fees to £3.2 million (2015: £2.8 million) was primarily due to the increased size of the bespoke tactical mandate during the year, although this mandate saw outflows in the latter part of the year triggered by market movements. Performance fees of £0.3 million (2015: £0.5 million) crystallised at the end of the financial year.

Total expenditure increased in line with expectations to £14.1 million (2015: £13.4 million) following the 10% increase to fixed remuneration awarded from May 2015, although this was partially offset by the reduction of 6% in variable remuneration. The operating margin of the Group decreased to 32% (2015: 36%), flowing through to a decrease in profit before tax of 10% to £6.9 million (2015: £7.7 million). Basic earnings per share decreased by 4% to 2.55 pence (2015: 2.66 pence).

Dividend

Over recent years, 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 was increased by 10% last year to 1.65 pence per share in line with business performance.

The Board is recommending a final ordinary dividend of 0.825 pence per share. The total ordinary dividend in respect of the year ended 31 March 2016 of 1.65 pence per share is unchanged on the previous year and in line with our intention as stated in this year's interim report. Subject to shareholders' approval, the dividend will be payable on 3 August 2016 to shareholders on the register at 1 July 2016.

For the current financial year, the Board's expectation, subject to business conditions, is to maintain the total ordinary 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 ordinary 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 ordinary dividend may be more or less than 1.65 pence per share.

Since listing nearly nine years ago, the Board has been attentive to its responsibilities in building and maintaining a strong and sustainable balance sheet, ensuring the business is able to invest selectively in future growth whilst maintaining cash resources sufficient to support its needs. The Board intends to continue its pragmatic approach; however it now considers the Group's balance sheet and regulatory capital buffer sufficiently strong to support the consideration of returning at least part of any excess of future earnings per share over ordinary dividends to shareholders, potentially in the form of special dividends.

The Board considers ordinary dividends plus other distributions to shareholders on a "total distribution" basis, such that the total distribution for any year is at least covered by earnings. On this basis, the decision as to the level of any excess earnings over ordinary dividends to be returned to shareholders for the current financial year will be subject to the financial performance of the business and the market conditions at the time.

Group strategy

The Group's strategy remains focused on building long-term, sustainable growth of the business through excellent client service and relationships.

Challenging environments such as these require flexibility of approach and constant innovation. The Directors consider one of the Group's key strengths is its capability to adapt products, processes or distribution methods, or to change its approach to suit individual and sometimes exacting client requirements.

Such flexibility and innovation was demonstrated during the year through the Group's new licensing agreement with WisdomTree Investments, Inc. – more detail for which is given in the Chief Executive Officer's statement. Whilst the product is still in its early stages, we are hopeful that this will facilitate access to an active hedging strategy for a wider audience than has previously been the case and we look forward to building the relationship further with WisdomTree.

The Group has a solid foundation of Passive Hedging clients which provides a strong and stable revenue stream – for the first time Passive Hedging management fees now account for a higher proportion of total management fees than Dynamic Hedging. The Board is conscious of the advantages brought in having a diversified revenue stream and is strategically focused on making the most of opportunities for diversifying through different products, clients and geographies going forward, subject to prevailing market conditions.

The Board

On 14 September 2015, we announced the appointment of Jane Tufnell to the Board as an independent non-executive director and more recently, on 1 June 2016, the appointment of Rosemary Hilary as an independent non-executive director. Jane co-founded the investment management firm Ruffer in 1994 and served on its management board until June 2014. Rosemary is a qualified accountant and has held senior positions in audit, risk and financial services regulation and will become the chair of the Audit and Risk Committee following the resignation of Cees Schrauwers in September 2016. Both Jane and Rosemary bring a wealth of relevant experience from their respective careers and we look forward to working closely with them both and in benefitting from their valuable insight and business acumen.

From November of this year, two of our non-executive directors, Cees Schrauwers and Andrew Sykes, will no longer be deemed independent, having joined Record just prior to IPO in December 2007, and both will be retiring from the Board. Both Cees' and Andrew's knowledge and experience have been fundamental to the smooth transition of Record from a private company to a premium-listed public company, helping to ensure the appropriate client-centric and risk-focused culture is fully embedded across the business. I would like to take this opportunity to thank them both for their commitment to the firm, and their invaluable advice and guidance over the past nine years. Their service on the Board has encompassed difficult times for both the firm and the global economy, and they have both been pillars of wisdom and common sense.

Outlook

Fragility in global economic growth alongside continued geopolitical tensions and such influential events as the UK referendum and the forthcoming presidential election later this year in the US will no doubt continue to contribute to volatility in the currency markets.

As well as significant challenges, such environments provide opportunities for further engagement and by gaining a broader picture of our clients' investment objectives, their portfolios and constraints, we have the opportunity to understand more fully their currency-related issues and specific requirements. Whether the answer lies with using our more standard hedging or currency for return products or whether circumstances require a more bespoke approach, we believe we have the people, systems, flexibility and capability to provide a solution.

The business is well placed to face such challenging environments and to take advantage of the opportunities arising with a strong, committed team of professionals and a robust financial position.

On behalf of the Board, I would like to thank everyone at Record for their hard work and commitment during this year and I look forward to facing the challenges, and taking advantage of the opportunities that lie ahead.

Neil Record
Chairman
16 June 2016

Chief Executive Officer's statement

"Management and staff remain wholly focused on managing programmes to meet our clients' best interests."

Record is reporting growth in both client numbers and management fees. The one-off 10% increase in firm-wide salaries in May 2015 has caused profits to diminish compared to the prior period. AUME has also declined modestly over the period, and net outflows from a tactical bespoke mandate have reduced the Group's revenue-generating AUME base at year end compared to that at the start of the year.

The market environment has become more challenging, with a general absence of persistent themes of individual currency strength or weakness, narrowing expectations of interest rate differentials, and a prolonged decline in emerging market currencies. As a result, a wide divergence of views has emerged amongst investors as to their preferences in managing currency risk and opportunity. In response, the Group continues to focus on developing flexible currency management strategies that can be tailored to the diverse interests and objectives of investors.

Market overview

The twelve months to 31 March 2016 have seen a weakening of expectations for divergence in monetary policy and interest rates. Policy measures such as quantitative easing also seem to have become less effective in influencing exchange rates. These trends have been accompanied by periodic regional and supra-regional concerns and crises.

Monetary policy divergence has not materialised in the financial year to the extent which had been anticipated. Concerns over the pace of economic growth, global deflation and financial market volatility have led policymakers to exercise greater caution over increasing interest rates. The US Federal Reserve did raise rates in December 2015, but expectations for further rate rises subsequently declined, and the US dollar's path has reflected this uncertainty. The Bank of England has also avoided raising rates, with uncertainty over the forthcoming EU referendum adding to this caution.

In those economies that have continued to pursue quantitative easing, principally the Eurozone and Japan, the effectiveness of this policy in influencing exchange rates has become less evident. Both the euro and the Japanese yen appreciated against the US dollar at times throughout the financial year.

Events that developed on regional and supra-regional scales include the re-emergence of strains in the Eurozone in the first three months of the period, widespread declines in emerging market currencies in the first nine months, and the announcement of the EU referendum in the final three months of the year.

Investment performance

Both US- and UK-based Dynamic Hedging clients experienced cumulative weakening of their base currencies against a basket of exposure currencies over the financial year. As a result, clients benefitted from currency gains in their underlying portfolios. Declining hedge ratios in their programmes reduced the extent to which hedging losses offset these gains.

Some of our Currency for Return strategies, namely Forward Rate Bias and Emerging Market, have historically performed better in market environments that are supportive of risk-seeking strategies. Both of these strategies generated negative returns for the year. In the case of Forward Rate Bias strategies, this is largely attributable to declining expectations of interest rate divergence and the reduced effect of quantitative easing in weakening low interest rate currencies. In the case of Emerging Market, this is attributable to the marked declines seen across many emerging market currencies over nine months of the year.

For the more diversifying strategies, Value performed markedly positively over the year, in part benefitting from the same appreciation of Japanese yen and euro that proved costly in Forward Rate Bias strategies. Momentum modestly underperformed over the year, contributing to net negative returns in live Multi-Strategy mandates.

Asset flows and financial performance

AUME declined by 3% over the financial year to $53.7 billion. Net outflows of $2.3 billion can be attributed entirely to Currency for Return outflows of $3.0 billion, the majority of which came from a long-standing tactical bespoke mandate. Net hedging inflows of $0.8 billion can be separated into Passive Hedging inflows of $1.8 billion and Dynamic Hedging outflows of $1.0 billion. Client numbers grew modestly to 58. External factors (i.e. equity and other market movements and the impact of exchange rates over the period) contributed $0.6 billion.

The benefit of the higher revenue margin Currency for Return mandate during the period, while temporary, allowed underlying[1] revenues to increase by 2% to £21.3 million. Costs before Group Profit Share remuneration grew by 9%, most of which can be attributed to the firm-wide 10% salary increase from 1 May 2015. Continued discipline in other cost areas allowed the Group to record an underlying operating margin of 33%, underlying profit before tax of £7.0 million, and basic earnings per share of 2.55 pence.

Strategic progress

Record's strategic progress over the year can be measured against each of the objectives set out in the preceding years' Annual Reports.

Client relationships – we have further grown client numbers, and grown our mandates with certain existing clients, although other mandates have declined. Our strategy of building trusted individual relationships with clients and their advisors remains unchanged. During the year we have seen a wide divergence of views amongst investors as to their preferences in managing currency risk and opportunity. We seek to engage with these preferences wherever possible.

Innovation – enhancement of existing products and development of new ones is a constant feature at Record, driven by clients' needs and market opportunities. During the year the Group entered into a licensing agreement with WisdomTree Investments, Inc. to provide signals that will be used to dynamically hedge currency exposures within WisdomTree's rules-based index family. The Group is optimistic that this development will allow active hedging strategies to be accessible to a wider range of investors than before.

People – we have continued to attract, retain and develop high quality people, principally through intern programmes and graduate and early-stage career hires. We then focus on internal development and retention of these individuals. 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 working environment for staff is part of the Group's retention strategy, and since the end of the period we have moved our US office from Atlanta to New York, and have entered into a new lease for our office in Windsor.

Growth – we have achieved growth in client numbers, management fees and underlying revenues. AUME and profits have declined modestly over the period, due to net outflows from a tactical bespoke mandate in the former case, and the firm-wide 10% salary increase in the latter case. We continue to focus on growth from our core markets of North America, continental Europe, in particular Switzerland, and the United Kingdom, while exploring new markets.

Risk management – we continue to develop and invest in systems, people and processes to manage the operational risk that we assume from clients. The Group has continued to commit resources to emerging regulatory requirements, including transaction reporting and other disclosures, and the forthcoming revisions to the European Market Infrastructure Regulation and the Markets in Financial Instruments Directive. Since the end of the financial year, we have launched a new system to improve further our management of the wide diversity and volume of Hedging mandates.

Profitability – the Group's underlying profitability has declined modestly with an underlying operating margin of 33%. This decline can be attributed to the need to maintain competitive remuneration for skilled staff.

Outlook

In a more challenging market environment, a wide divergence of views has emerged amongst investors as to their preferences in managing currency risk and opportunity. In response, the Group continues to focus on developing flexible currency management strategies that can be tailored to the diverse interests and objectives of investors.

Our clients continue to experience a low yield environment, regulatory changes, and particularly for pension funds cash flow pressures. As a result, the need to manage increasingly scarce cash and liquidity resources is becoming more important than ever before. Record has long offered certain tools to support this, such as planning cash flows arising from a hedging programme, or managing a futures overlay to minimise the drag on returns from a cash allocation. We intend to explore more tools, strategies and products, and to engage with more clients on these, as the market environment continues to develop.

Record's management continues to be very aware of the benefits of diversification within and across our strategies. 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
16 June 2016

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 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 • 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 and risk of upward pressure on fixed remuneration • 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 • More bespoke mandates give rise to higher risk of errors
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 product mix

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

Measurable by:	Progress made in year:	Expectations for FY-17:
• Number of clients • Management fees	**KPI: Client numbers** **58** +5% **Management fees** **£20.9m** +3%	• More challenging market environment including increased requirement on clients to manage liquidity and cash flow in low yield and highly regulated environment will lead to opportunities which reflect the diverse interests and objectives of clients. This may result in more bespoke mandates or complementary services alongside the current product range
• New business or clients won for bespoke mandates or new strategies • Growth in seeded funds through external investment	• Partnership with WisdomTree to provide signals used to dynamically hedge currency exposures in their new rules-based index family • Net outflows of external investors totalling $107m from the FTSE FRB10 Index Fund during the year	• Development of our cash and liquidity management capabilities • Further enhancement to strategies across the whole suite of products
• Employee retention rates • Average number of employees	**Staff retention** **88%** (2015: 89%) **Average number of employees during the year** **69** (2015: 68) • Identified and recruited two new independent directors	• Focus on selective recruitment and retention to continue • Identify and develop talented individuals to maximise potential
• AUME movement in year	**KPI: AUME** **$53.7bn** -3%	• Continued uncertainty in global markets may result in volatility of asset flows linked to more bespoke mandates • Complementary services may assist in developing growth in overall AUME
• Investment in systems • Formal complaints	• Significant project to develop middle office data management systems nearing completion by year end • Complaints: none (2015: none)	• Implement new data management system to enhance processes across full product suite • Continued investment in developing and upgrading core systems • Further projects to address forthcoming regulatory changes e.g. MiFID II
• Underlying operating profit margin • Basic EPS	**KPI: Underlying operating profit margin** **33%** (2015: 35%) **KPI: Basic EPS** **2.55p** -4%	• More bespoke products may be less scalable and affect profitability – conversely flows into funds are very scalable • Increase in occupancy costs arising from lease renewals will affect profitability

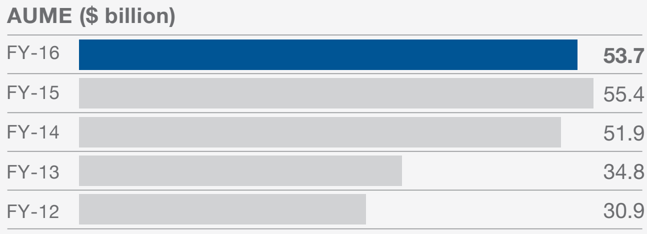
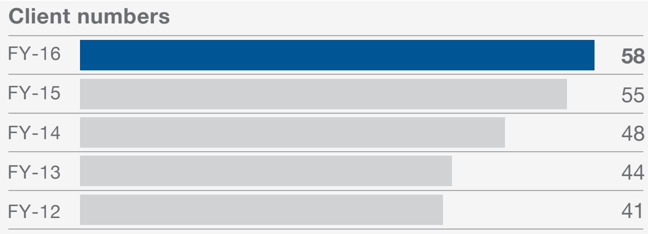
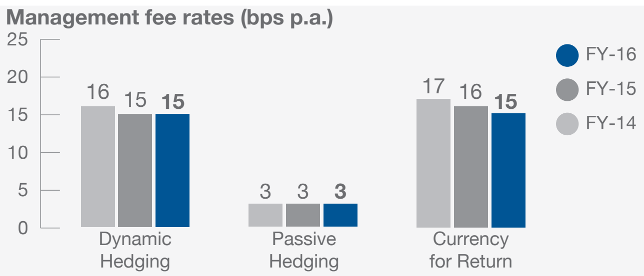
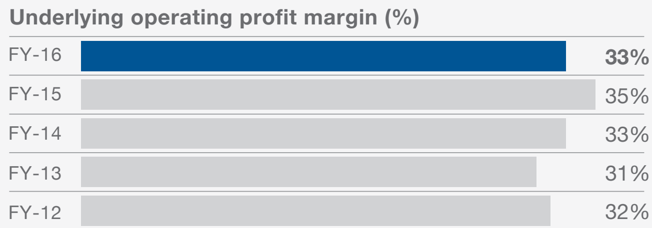
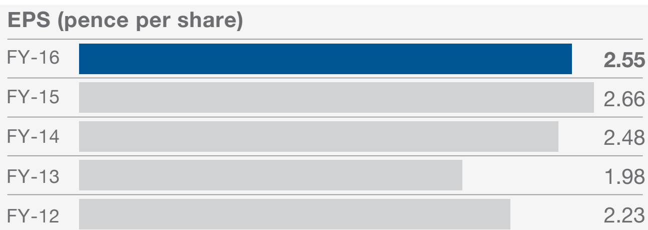
Key Performance Indicators

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 represent 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 interest. This reflects internal management reporting which management considers 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:	Performance history:
• AUME remained broadly consistent with the prior year. Net outflows totalled $2.3 billion for the year, with an overall decrease in AUME of 3% in the year	
• Client numbers grew for the fourth consecutive year and reached 58 at the end of the year	
• Fee rates for both Dynamic and Passive Hedging were maintained during the year. Average Currency for Return fee rates fell due to mandates with tiered fee scales decreasing the overall average fee rate prior to outflows later in the year	
• Underlying operating profit margin decreased to 33% from 35% predominantly due to competitive upward pressure on fixed remuneration	
• Increases in fixed remuneration costs contributed to a 4% decrease in EPS for the year	

Business model
Who we are

The Group was founded over 30 years ago, and over this time it 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 robust operational systems built to manage exposures efficiently 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

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Risk management
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People

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Governance culture

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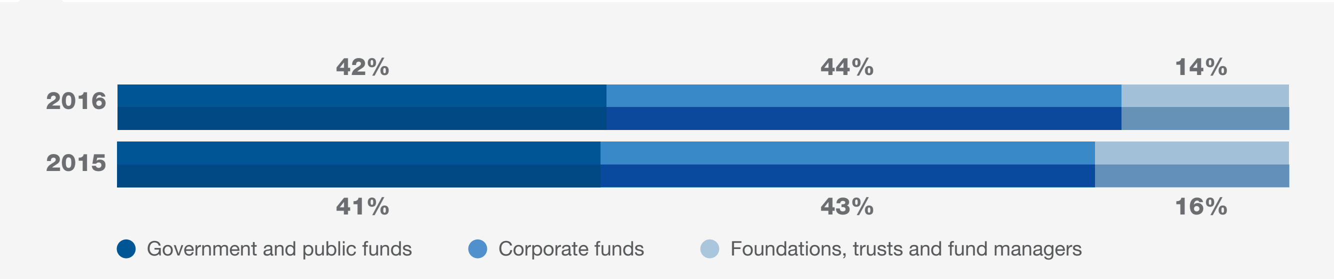
The Group has long and appealing track records for its Dynamic and Passive Hedging products and is developing a supportive track record for its Currency Multi-Strategy return-seeking product. It has established itself both in the eyes of clients and their investment consultants as a respected specialist 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 funds, corporate DB pension funds, corporations, foundations and trusts as well as other fund managers.

AUME by client type
31 March

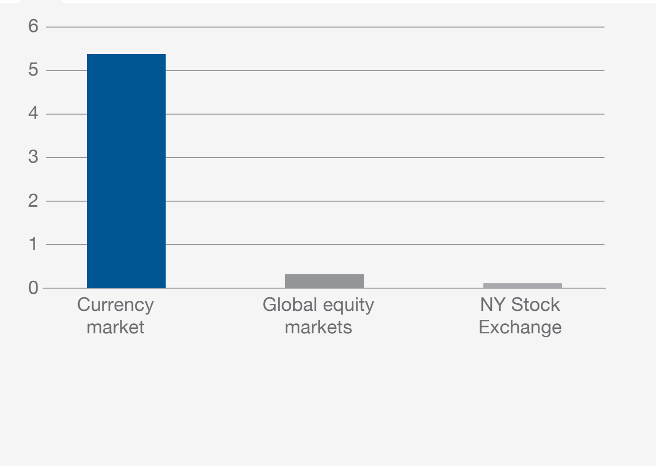


Our market

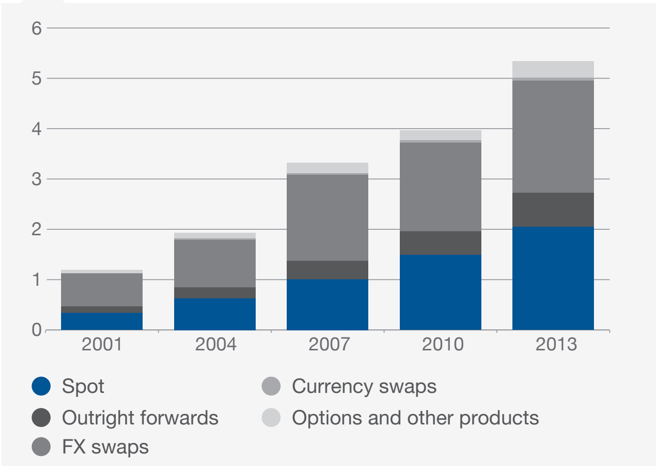
The currency market represents the biggest and most liquid market available, with exceptionally low transaction costs and daily FX volumes averaging $5.3 trillion per day. The FX market is essential to global trade and finance and includes a high proportion of not-for-profit or forced participants, resulting 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]
$ trillion



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

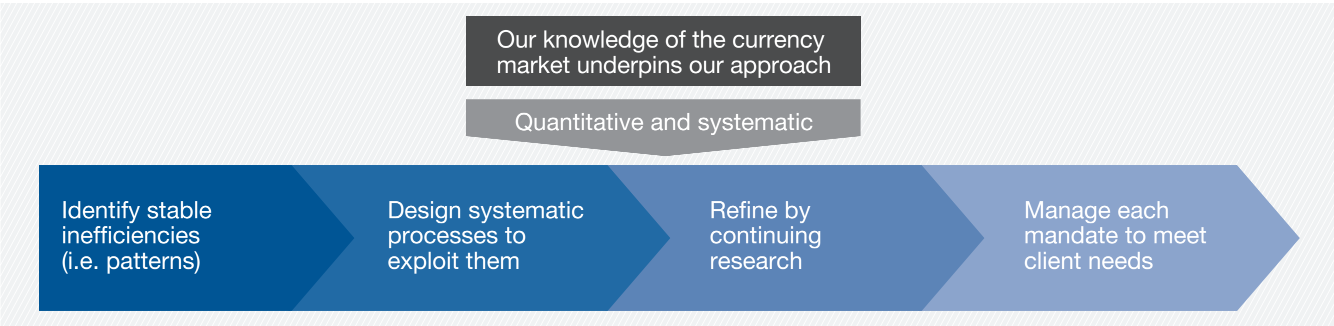


1 Source: Record, BIS Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity (September 2013), Bloomberg, WFE, NYSE. Please note: WFE global equity trading volume numbers do not include non-member statistics. Non-member statistics are available under queries at http://www.world-exchanges.org/statistics/monthly-query-tool.

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.

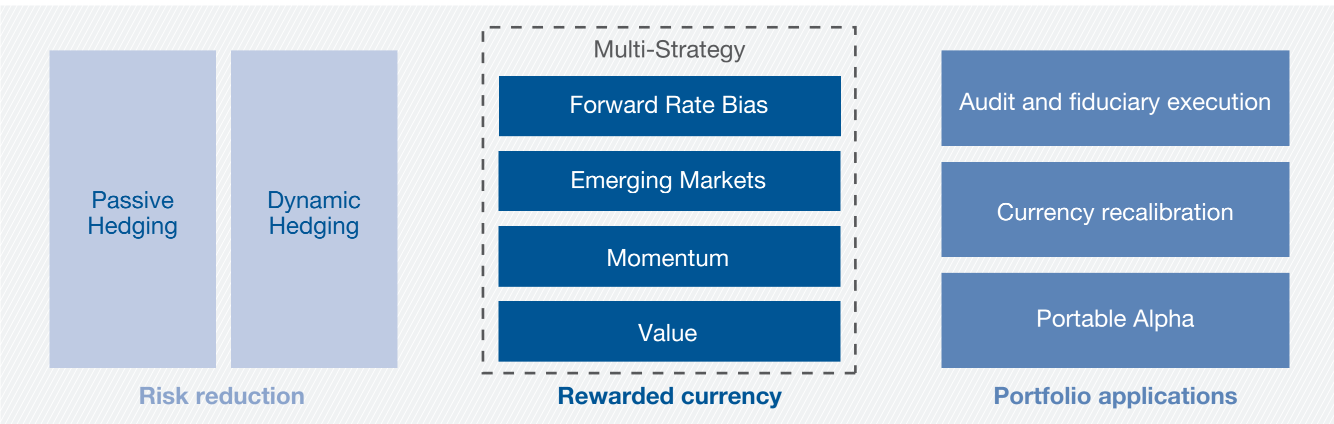


Our products and services

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, both Passive Hedging and Dynamic Hedging, are primarily risk-reducing in nature.

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 $51.7 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 marketplace, our ability to differentiate our hedging products is key to maintaining and to growing our market share further.

Passive Hedging: AUME $43.8 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 $7.9 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. Historically, Dynamic Hedging mandates have been implemented only through segregated accounts to accommodate the individual international portfolios and hedging requirements of each client.

Currency for Return: AUME $1.8 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 returns 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.

Emerging Market Currency

Emerging market currencies offer investors an opportunity either to seek 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.

Other products

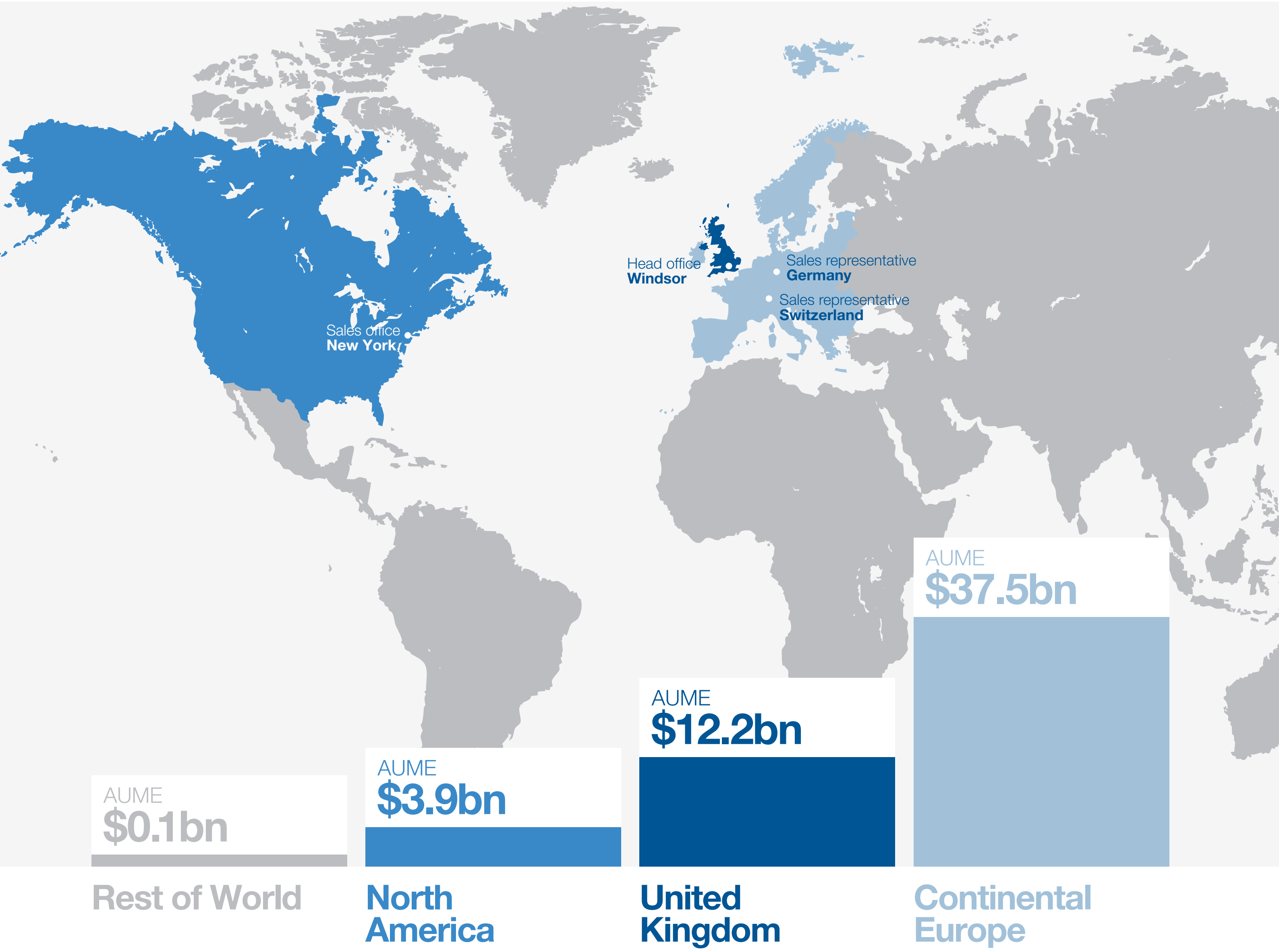
During December 2015, Record entered into a licensing agreement with WisdomTree Investments, Inc. who, through its subsidiaries in the US, Europe and Japan (collectively "WisdomTree"), is an exchange-traded fund and exchange-traded product sponsor and asset manager headquartered in New York. Under the licensing agreement, Record provides signals that will be used to dynamically hedge currency exposures within WisdomTree's rules-based index family. Whilst the product is still relatively new, we are optimistic that this will allow active hedging strategies to be accessible to a wider range of investors than has previously been the case.

Since Record is not managing the exchange-traded funds that seek to track the performance of their respective WisdomTree Dynamic Currency Hedged Indexes, assets under management in these funds do not contribute to Record's AUME. Record will report revenues arising from this licensing agreement under "Other income".

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.

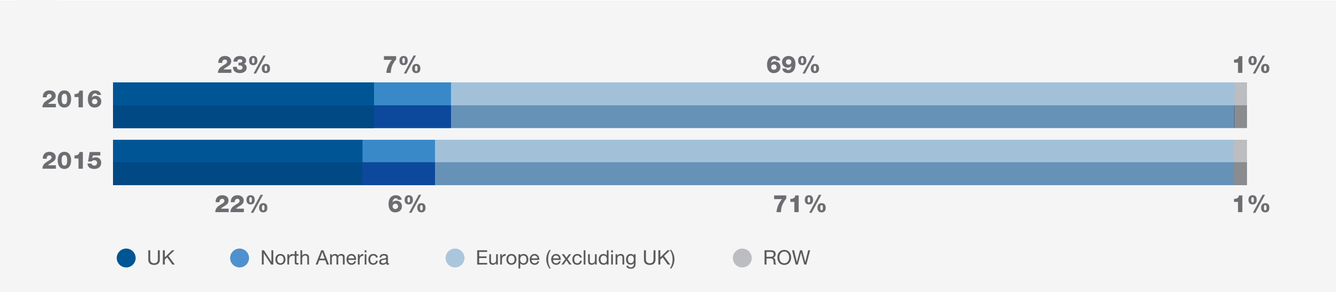
The Group's Head Office is in Windsor, UK from where all of its operations are performed and controlled. The Group also has a US office in New York, and sales representatives based in Switzerland and Germany. In addition to these main markets, we continue to explore new geographical markets which we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

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 2016 was 72 (2015: 67).

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 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 2016, the proportion of employee shareholders stood at 69% (2015: 76%).

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, was recognised as a key risk by the Group, which chose to react in a way that acknowledged the valuable contribution made by every member of the firm to our clients' outcomes. Consequently a one-off, firm-wide salary increase of 10% was granted in 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

In a more challenging market environment, Record continues to focus on developing flexible currency management strategies that can be tailored to the diverse interests and objectives of clients.

The most prevalent theme in FX markets in the twelve months to 31 March 2016 has been the weakening of expectations for divergence in monetary policy and interest rates, coupled with the apparent diminishing effectiveness, in particular on exchange rates, of policy measures such as quantitative easing. This theme has been accompanied by periodic regional and supra-regional concerns and crises, including the re-emergence of strains in the Eurozone in the first three months of the period, widespread declines in emerging market currencies in the first nine months, and the announcement of the referendum as to whether the UK should remain in or leave the European Union in the final three months of the year.

This section comments on the impact of these on exchange rates and on Record's strategies.

Monetary policy and interest rates

Major developed market central banks, in particular those of the United States, the Eurozone, the United Kingdom, Japan and Switzerland, had consistently imposed unusually low interest rates as a coordinated response to the global financial crisis of the last decade. For much of the two preceding financial years, the debate had grown over the pace and extent to which this convergent monetary policy would start to diverge, with the United States Federal Reserve and the Bank of England expected to be in the forefront of tightening interest rates, and the European Central Bank, Bank of Japan and Swiss National Bank all continuing to pursue low interest rates and in the first two cases associated policies such as asset purchases, or "quantitative easing".

Monetary policy divergence has not materialised in the financial year to the extent which had been anticipated, as concerns over the pace of economic growth, global deflation and financial market volatility have led policymakers to exercise greater caution over increasing interest rates. Furthermore in those economies that have continued to pursue quantitative easing, the effectiveness of this policy has become less evident.

In the United States, the Federal Reserve had been expected first to increase interest rates at its September 2015 meeting, but chose not to do so, noting that "economic conditions did not warrant an increase". The Federal Reserve did raise the federal funds rate by 0.25% at its December 2015 meeting, but its own expectations for further rate rises in 2016 subsequently declined. The US dollar's path reflected this uncertainty, with broad-based weakening against developed market currencies in the first three months of the period (and following strong dollar appreciation in the prior financial year), strengthening against developed market currencies in the following six months in anticipation of long-awaited interest rate rises, and then weakening again in the last three months of the period, as expectations of further rate rises waned.

The Bank of England has been similarly reticent in raising interest rates, with any prospect for increases deferred due to concerns over the pace of economic growth, the absence of material inflation, the impact on financial markets, and towards the end of the period the uncertainty caused by the announcement of the referendum on whether the United Kingdom should remain in or leave the European Union (see "EU referendum" on page 19). While sterling strengthened against a basket of developed market currencies in the first three months of the period, it weakened over the rest of the financial year.

The European Central Bank and the Bank of Japan have both continued to pursue low interest rates and asset purchase programmes throughout the year, with both having sought to amplify these programmes during the year. However, in both cases, the effectiveness of these policies in stimulating either demand for borrowing or export growth through currency depreciation has become less evident, with both the euro and the Japanese yen appreciating against the US dollar at times throughout the financial year, including in both cases the last quarter.

The Swiss National Bank has continued to pursue an interest rate path dictated by its domestic objectives. There has been no repeat of the dramatic events of January 2015, when the Swiss National Bank unexpectedly removed the ceiling on the value of the Swiss franc against the euro in parallel with cutting certain interest rates, which immediately caused the Swiss franc to appreciate dramatically. The Swiss National Bank has continued its policy of negative interest rates, and Swiss franc exchange rates have continued largely to respond to changing interest rate expectations for other developed market currencies.

Regional and supra-regional events

The year to 31 March 2016 also saw a number of events develop on regional and supra-regional scales, with varying effects on currency markets. The first notable such event was the re-emergence in the summer of 2015 of the Eurozone crisis, catalysed by the failure of the Greek government to make a payment to the International Monetary Fund on 30 June 2015. This led to a referendum and the ostensible rejection of austerity by the Greek population, and notwithstanding this a renegotiation on the terms of the Greek debt restructuring followed by a further election. As seen in previous incarnations, the effect on the value of the euro itself was muted, with perhaps the greatest consequence being official recognition that a departure by a member state of the Eurozone is not after all inconceivable.

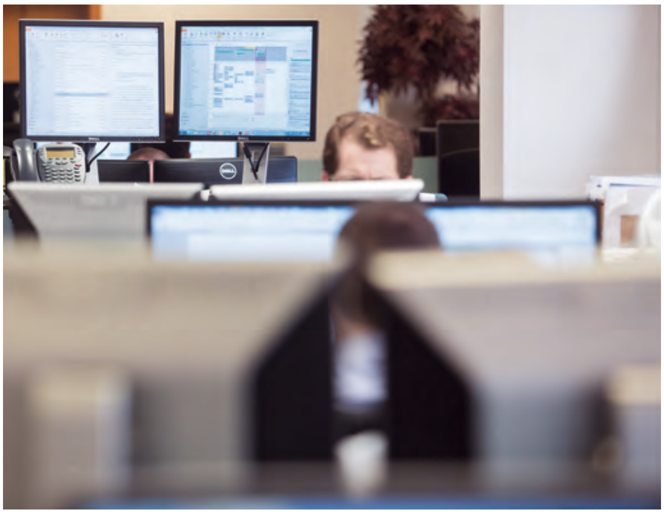
More notable in currency markets was the rolling crisis in emerging market currencies through the first nine months of the financial year. What began as a familiar period of risk aversion in the first three months escalated in the second three months, most closely associated with China's unexpected 1.9% devaluation of the renminbi on 11 August 2015. The relatively modest scale of this adjustment and hence its impact on currency markets belied the message it sent on prospects for growth in China, China's macroeconomic policies, and emerging market economies more broadly, leading to a pronounced two weeks of equity and currency market volatility. Those currencies more sensitive to commodity prices, or suffering specific political risk concerns, continued to weaken through the third quarter of the financial year.

Towards the end of the financial year, the anticipated referendum on whether the UK should remain in or leave the European Union was announced for 23 June 2016. The effect of this announcement on currency markets, Record's strategy to mitigate its impact on clients, and possible effects on Record's business are set out under "EU referendum" on page 19.

Regulation

FX markets continue to come under greater regulatory scrutiny than has been the case historically. As a specialist currency manager whose interests are completely aligned with those of its clients, Record is wholly supportive of appropriate regulation to ensure the fair, effective and open functioning of currency markets, and we seek to engage with regulators, industry bodies and others to represent effectively our clients' interests.

In particular, we are now seeing the fruition of several years' regulatory focus on derivatives markets, dating back to the "Group of 20" meeting in Pittsburgh in September 2009. These derivative market reforms are taking shape in different jurisdictions, of which the European Union (through the European Market Infrastructure Regulation, or "EMIR"), the United States (through the Dodd-Frank Wall Street Reform and Consumer Protection Act, or "Dodd-Frank"), Switzerland and Canada are amongst those most relevant to Record.



Business review continued
Market review continued

We are therefore concerned about emerging differences in regulation across these jurisdictions which may seem minor in the context of the overall regulatory picture, but which may have a disproportionate effect on Record given the nature of our business. In particular, we are concerned that whilst deliverable foreign exchange forward contracts have been exempted from the definition of "swaps" under Dodd-Frank and hence from much of the consequent regulation, the latest draft rules under EMIR continue to mandate variation margin for foreign exchange forward contracts entered into by financial counterparties, which include pension funds. Mandating variation margin is a major change from the historic practice of many of Record's clients of using non-collateralised foreign exchange credit lines. We are working hard to minimise any adverse impact on our business, both by continuing to engage wherever possible on these proposed rules, and by working with our clients, bank counterparties and service providers to manage the impact should this engagement prove unsuccessful.

Effects on Record's strategies

The environment of varying but declining expectations of monetary policy divergence brought about a year in which simple stories of persistent currency strength or weakness were largely absent. Instead most major developed market currencies experienced bouts of strength and weakness throughout the year.

In this environment, Record's Dynamic Hedging strategies responded with hedge ratios increasing in response to base currency strength, and decreasing in response to base currency weakness. The cumulative effect over the financial year for both US- and UK-based investors was of weakening of their base currencies, and hence currency gains being generated in their underlying portfolios. Declining hedge ratios in Dynamic programmes reduced the extent to which hedging losses offset these gains.

With respect to return-seeking currency strategies, an environment of diminishing expectations for interest rate differentials, coupled with a year which saw a prolonged decline in emerging market currencies, would be expected to challenge the two most persistent return sources in Record's range of strategies, and indeed the financial year saw negative performance in both Forward Rate Bias or "carry" strategies and in Emerging Market currencies.

In such an environment we would look to Momentum and Value to offer some diversification. This was true of value during the period, although less so of Momentum, and the combination served partially to offset losses from Forward Rate Bias and Emerging Market strategies in Record's Multi-Strategy products.

One persistent theme triggered by the continuing low yield environment, regulatory changes, and cash flow pressures experienced by clients is the need to manage increasingly scarce cash and liquidity resources to meet more diverse requirements than before. Some aspects of this are long-standing parts of Record's product offering, and we intend to explore further complementary strategies and products, and to engage with more clients on these, as the market environment continues to develop.

In a more challenging market environment, Record continues to focus on developing flexible currency management strategies that can be tailored to the diverse interests and objectives of clients.

EU referendum

On 20 February 2016, and following a European Union summit, Prime Minister David Cameron announced that the referendum on whether the United Kingdom should remain in or leave the EU would be held on 23 June 2016.

Record plc does not take a stance on political decisions, and hence the Group does not intend to contribute to or participate in the debate. Instead our focus, at the time of writing, is on the impact that the referendum has had on currency markets, and the impact that it might have on our clients and on the Group's business.

With respect to currency markets, sterling exchange rates broadly weakened following February's announcement, although as ever it is impossible to attribute any market movements to a single cause. Implied volatility as indicated by the pricing of options has risen, particularly for those options with a maturity period which includes the referendum date. This indicates that markets anticipate the risk of more volatile exchange rates in response to the outcome of the vote. More specifically, the price of options that protect against sterling weakening has risen more than those that protect against sterling strengthening, suggesting that the market sees more risk of sterling weakness.

In the absence of any directional view on sterling beyond that already priced into the market, the Group's approach to managing the impact on clients will be to anticipate periods of elevated volatility, and to take steps to manage the impact of these on our clients. In particular this means avoiding trading where possible in periods we can expect to be volatile to avoid outsized cash flows and transaction costs and helping clients plan for liquidity requirements where these arise between cash flows.

At the date of this report, and beyond the immediate impact of the referendum on currency markets and on clients, it is too soon to anticipate broader effects on Record's business, not least given the prolonged negotiation period that would follow any vote to leave. We would note though that Record and its clients are subject to extensive EU-originated legislation. That which affects our business most closely can broadly be divided into regulatory legislation such as the Markets in Financial Instruments Directive ("MiFID") and the European Market Infrastructure Regulation ("EMIR"), and enabling legislation which allows cross-border financial services such as MiFID again, the Alternative Investment Fund Managers Directive ("AIFMD") and Undertakings for Collective Investment in Transferable Securities ("UCITS").

We would note that much of the former has its origins in global initiatives such as the "Group of 20" to which the UK is an independent signatory, so it may be unrealistic to expect that this would not be replaced domestically in the event of a UK departure from the EU. Much of the latter brings material commercial benefits to the UK's investment management industry, such that maintenance of equivalent arrangements may well be one objective of any post-referendum negotiation.

Business review continued
Operating review

Dynamic Hedging mandates performed as expected in terms of allowing clients to benefit from periods of strengthening foreign currencies.

Product investment performance

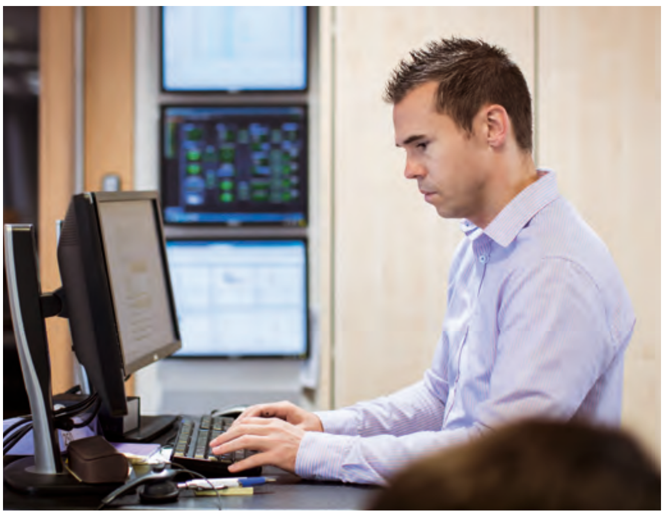
Our hedging products are predominantly systematic in nature. The effectiveness of each client mandate is assessed regularly and adjustments are made when necessary in order to respond to changing market conditions or to bring the risk profile of the hedging mandate in line with the client's risk tolerance.

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 gains from currency over the year as sterling weakened against most G10 currencies, leading to higher sterling valuations for foreign currency investments. UK-based Dynamic Hedging programmes systematically decreased hedge ratios over the year in response to sterling weakness to protect against hedging losses. Following the initial strengthening of sterling in the second quarter of 2015, hedge ratios decreased in line with sterling weakness as global and domestic EU referendum-related risks weighed on the currency, thus containing hedging losses and allowing UK investors to capture gains in the underlying overseas exposures.

US investors also saw gains from currency on international assets when valuing positions in US dollars, as the US dollar weakened against most G10 currencies following a downward repricing of market expectations for US interest rates in 2016. Record's Dynamic Hedging product varied hedge ratios over the year in response to the US dollar's movements and as a result, costs from hedging were controlled relative to the underlying currency gains.

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 Japanese yen which appreciated sharply as declining inflation expectations in Japan improved the perceived real return available on Japanese assets. 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, which uses more diversified allocations without active risk control, 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 negative returns over the period as emerging market currencies generally depreciated against a basket of developed market currencies. Returns in the fund were mainly attributable to the depreciation of certain "risk-on" currencies between March and December 2015, including the South African rand, Colombian peso, and Brazilian real which were impacted by a fall in global commodity prices and slowing Chinese growth.

Record's Multi-Strategy mandates combining Active FRB or FRB10, Emerging Market, Momentum and Value strategies delivered negative performance over the period. Losses were driven by returns in the Emerging Market, FRB, and Momentum strands, although these were partially offset by gains in the Value strategy. In the Value strategy, a reversion towards value on behalf of the euro and yen – notwithstanding efforts by respective central banks to encourage easier monetary policy – primarily drove positive returns. Short positions in the New Zealand, Canadian, and Australian dollars during mean-reversionary periods delivered negative returns in the Momentum strand but were partially offset by a long position in the Japanese yen, and a short position in sterling as EU referendum worries surfaced towards the end of the period.

Returns data for Currency for Return strategies

Fund name	Gearing	**Return for 12 months to 31 March 2016 %**	Return since inception % p.a.	Volatility since inception % p.a.
FTSE FRB 10 Index Fund[1]	1.8	**(4.12%)**	1.01%	7.76%
Emerging Market Currency Fund[2]	1	**(2.70%)**	0.00%	6.69%

Index/composite returns	**Return for 12 months to 31 March 2016 %**	Return since inception % p.a.	Volatility since inception % p.a.
Alpha composite[3]	**(1.92%)**	(0.12%)	3.05%
FTSE Currency FRB10 GBP Excess return[4]	**(2.38%)**	2.27%	4.68%
Currency Value[5]	**3.08%**	3.36%	3.31%
Currency Momentum[6]	**(0.54%)**	1.76%	3.22%
Record Multi-Strategy with Alpha FRB product[7]	**(0.89%)**	1.08%	2.09%

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.

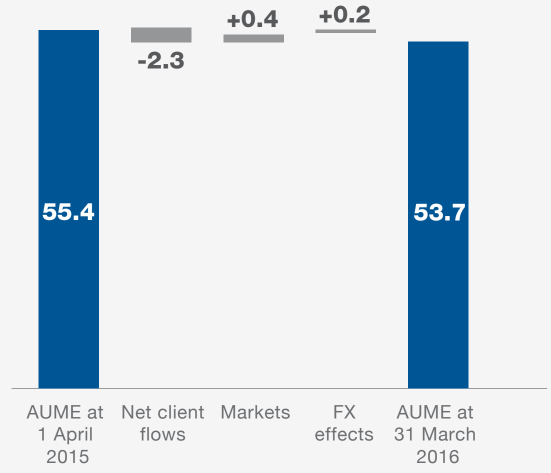
Business review continued
Operating review continued

AUME development

The Group has seen an overall decrease in AUME of $1.7bn (-3%) to finish the year at AUME of $53.7bn compared with $55.4bn at the end of the previous year.

When expressed in sterling, AUME increased marginally by £0.1bn to £37.4bn (2015: £37.3bn).

AUME development bridge
Year to 31 March 2016 ($bn)



AUME movements

The Group has seen net outflows of $2.3bn during the year arising from inflows from both new and existing clients of $10.7bn offset by outflows of $13.0bn.

Dynamic Hedging AUME experienced net outflows of $1.0bn, ending the year at $7.9bn (2015: $9.2bn). The selection for a new Dynamic Hedging mandate expected to reach approximately $600m was announced in September 2015, but was subsequently suspended in January 2016 pending a potential restructuring by the client and represented an outflow of $500m. The loss of a UK Dynamic Hedging programme was reported in October 2015 and represented an outflow of $1.2bn following the client's decision to switch to a Passive Hedging strategy.

Growth of Passive Hedging AUME continued and reached $43.8bn (2015: $41.2bn) by the end of the year, an increase of 6%. Net inflows of $1.8bn were from a combination of new and existing clients with the net impact of external factors contributing a further $0.8bn.

Significant outflows from a bespoke tactical mandate previously identified as potentially volatile in size aggregated to $3.0bn, and represented the majority of the decrease in Currency for Return AUME during the year from $4.8bn to $1.8bn.

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 $0.4bn in the year to 31 March 2016.

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.

AUME composition by underlying asset class as at 31 March 2016

	Equity %	Fixed income %	Other %
Dynamic Hedging	77%	-%	23%
Passive Hedging	27%	50%	23%

Forex

The percentage of the Group's AUME which is non-US dollar denominated is 91%. The foreign exchange impact of the conversion of non-US dollar mandate sizes into US dollar AUME had the impact of increasing AUME by $0.2bn over the year. This movement does not have an equivalent impact on the sterling value of fee income.

At 31 March 2016, the split of AUME by base currency was 21% in sterling, 64% in Swiss francs, 9% in US dollars, 6% in euros and less than 1% in Canadian and Singapore dollars.

Product mix
AUME composition by product

	31 March 16		31 March 15	
	US$bn	**%**	US$bn	%
Dynamic Hedging	**7.9**	**15%**	9.2	17%
Passive Hedging	**43.8**	**82%**	41.2	74%
Currency for Return	**1.8**	**3%**	4.8	9%
Cash	**0.2**	**-%**	0.2	-%
Total	**53.7**	**100%**	**55.4**	**100%**

The growth in Passive Hedging AUME continues the upward trend of recent years, although the percentage of total AUME represented by Passive Hedging of 82% (2015: 74%) at 31 March 2016 is more pronounced due to the large aggregate net outflows of $3bn from Currency for Return during the year, as noted above. During the year, a UK Dynamic Hedging client made the decision to switch to a Passive Hedging mandate, which resulted in a Dynamic Hedging outflow of $1.2bn during the year. Consequently the proportion of total AUME represented by Dynamic Hedging decreased at 31 March 2016 to 15% (2015: 17%). Currency for Return represented 3% (2015: 9%) of total AUME at 31 March 2016.

Client numbers

Client numbers grew for the fourth consecutive year, reaching 58 clients at 31 March 2016 (2015: 55), representing a net gain of three clients over the year.

AUME composition by product and base currency

	Dynamic Hedging		Passive Hedging		Currency for Return	
Base currency	**31 March 16**	31 March 15	**31 March 16**	31 March 15	**31 March 16**	31 March 15
Sterling	**GBP 1.9bn**	GBP 2.7bn	**GBP 5.9bn**	GBP 4.7bn	**–**	GBP 0.1bn
US dollar	**USD 3.5bn**	USD 3.2bn	**USD 0.4bn**	USD 0.2bn	**USD 0.7bn**	USD 3.6bn
Swiss franc	**CHF 1.5bn**	CHF 1.9bn	**CHF 30.6bn**	CHF 30.3bn	**CHF 0.8bn**	CHF 0.7bn
Euro	**–**	–	**EUR 2.6bn**	EUR 2.4bn	**–**	–
Canadian dollar	**–**	–	**–**	–	**CAD 0.3bn**	CAD 0.3bn
Singapore dollar	**–**	–	**SGD 0.1bn**	SGD 0.1bn	**–**	–

Business review continued
Financial review

> In a challenging year, the Group's total revenue remained at a level unchanged on last year of £21.1m.

In a challenging year, the Group's total revenue remained at a level unchanged on last year of £21.1m. Management fees for the year were up 3% to £20.9m (2015: £20.3m), maintained in part due to the Currency for Return fees generated from the tactical bespoke mandate prior to the associated net outflows occurring in the latter part of the year.

The business continues to focus on the tight control of costs. However, the decision to increase salaries firm-wide by 10% from May 2015 outside of the normal salary review round was made to recognise the trend towards higher fixed remuneration in financial services in order to ensure the business offers competitive remuneration to attract and retain high calibre employees. As expected, this contributed the majority of the increase seen in personnel costs of £0.8m (13%) for the year.

Non-personnel costs were successfully controlled, ending the year marginally higher at £4.3m (2015: £4.2m), and the Group Profit Share ("GPS") cost decreased by 6% to £3.0m, reflecting the decrease in underlying operating profit (excluding GPS).

Compared to the prior year, operating profit margin reduced to 32% (2015: 36%) mainly as a consequence of the increase in personnel costs, offset marginally by the reduction to the Group Profit Share cost.

Profit before tax decreased from £7.7m to £6.9m for the year.

Profit and loss (£m)	**2016**	2015
Revenue	**21.1**	21.1
Cost of sales	**(0.2)**	(0.2)
Gross profit	**20.9**	20.9
Personnel (excluding Group Profit Share Scheme)	**(6.8)**	(6.0)
Non-personnel cost	**(4.3)**	(4.2)
Total expenditure (excluding Group Profit Share Scheme)	**(11.1)**	(10.2)
Group Profit Share Scheme	**(3.0)**	(3.2)
Operating profit	**6.8**	7.5
Operating profit margin	**32%**	36%
Net interest received	**0.1**	0.2
Profit before tax	**6.9**	7.7
Tax	**(1.5)**	(1.7)
Profit after tax	**5.4**	6.0

Revenue

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

Revenue analysis (£m)	**2016**	2015
Management fees	**20.9**	20.3
Performance fees	**0.3**	0.5
Other income	**(0.1)**	0.3
Total	**21.1**	21.1

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 £20.9m, £0.6m ahead of the previous year (2015: £20.3m).

The steady growth seen in recent years in Passive Hedging management fees has continued, with the full-year impact of last year's net inflows increasing Passive Hedging revenue to £9.4m (2015: £8.1m).

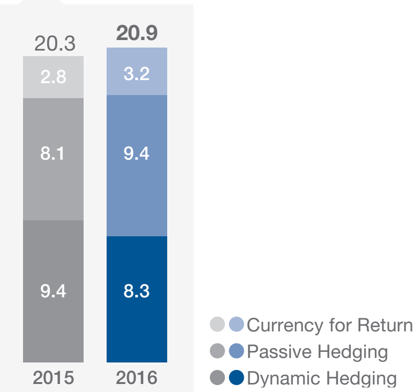
Dynamic Hedging management fees decreased by £1.1m predominantly due to the loss of the Dynamic Hedging mandate previously announced alongside adjustments to existing mandates.

The management fees earned from Currency for Return mandates in the year were bolstered from inflows into the tactical bespoke mandate announced in March 2015, resulting in an increase in Currency for Return management fees to £3.2m (2015: £2.8m) for the year. Subsequent outflows were announced from this specific mandate in the second half of the year.

Passive Hedging increased to 45% (2015: 40%) of total management fees. Dynamic Hedging represents 40% (2015: 46%) and Currency for Return 15% (2015: 14%) of total management fees.

Management fees by product (£m)	2016	2015
Dynamic Hedging	8.3	9.4
Passive Hedging	9.4	8.1
Currency for Return	3.2	2.8
Total	**20.9**	20.3

Management fees by product
(£m)



Average management fee rates for all product lines have remained broadly constant throughout the year ended 31 March 2016.

Average management fee rates by product – (bps)	2016	2015
Dynamic Hedging	15	15
Passive Hedging	3	3
Currency for Return	15	16

Average management fee rates for Currency for Return products have marginally decreased as a result of the effect of the earlier inflows into the bespoke tactical mandate being on a tiered fee scale, decreasing the overall average fee rate and prior to the effect of the subsequent outflows.

Performance fees

Performance fees of £0.3m were earned in the year (2015: £0.5m). Performance fees can be earned either from Currency for Return or Dynamic Hedging programmes, dependent on the individual client agreement. 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 £14.1m during the year ended 31 March 2016, an increase of £0.7m or 5% on the prior year. The increase is due principally to the firm-wide salary increase of 10% implemented on 1 May 2015, in response to the general trend of higher fixed remuneration in the financial service sector. Non-personnel costs have remained broadly in line with last year at £4.3m (2015: £4.2m) through careful cost control. The expectation for the current financial year is of an increase to occupancy costs arising both from the move of the US office from Atlanta to New York just prior to 31 March 2016, and the renewal of the Group's office lease relating to its headquarters in Windsor, both at higher market rentals than was previously the case (see note 23 on page 96 of the financial statements for further detail). The Group Profit Share cost decreased by £0.2m over the prior year in line with the fall in "underlying" profitability.

Business review continued
Financial review continued

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 2016, the Group Profit Share Scheme is 30% of pre-GPS operating profit. This represents £3.0m, a decrease of £0.2m 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.

Operating profit and margins

On a fully consolidated basis, operating profit for the year ended 31 March 2016 of £6.8m was 10% lower than the operating profit for the previous financial year (2015: £7.5m) and the operating margin was 32% (2015: 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 £6.9m (2015: £7.3m) with underlying profit before tax for the year of £7.0m (2015: £7.5m).

Cash flow

The Group's year-end cash position was £21.7m (2015: £12.0m). The cash generated from operating activities before tax was £7.3m (2015: £8.0m), with £1.6m paid in taxation (2015: £1.6m) and £3.7m paid in dividends (2015: £3.3m). At the year end, the Group held money market instruments with maturities between 3 and 12 months, worth £13.0m (2015: £18.1m). 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 ordinary dividend of 0.825p per share paid on 23 December 2015. The Board recommends paying a final ordinary dividend of 0.825p per share, equivalent to £1.8m, taking the overall ordinary dividend to 1.65p per share, in line with the prior year (ordinary dividend paid in respect of year ended 31 March 2015: 1.65p per share).

Subject to shareholder approval, the dividend will be paid on 3 August 2016 to shareholders on the register on 1 July 2016, the ex-dividend date being 30 June 2016. The dividend cover in the year was 1.5 (2015: 1.6).

For the current financial year, the Board is considering the return of at least part of any excess of earnings per share over ordinary dividends to shareholders, potentially in the form of special dividends – subject to the financial performance of the Group for the year and the market conditions at that time.

Financial stability and capital management

The Group's financial position is strong. Consolidated net assets have grown to £37.7m (2015: £35.8m) at the end of the year represented predominantly by assets managed as cash totalling £34.7m (2015: £30.1m).

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 generous 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. Consequently going forward the Board will consider the return of at least part of any excess of future earnings over ordinary dividends to shareholders for the current and future periods, subject to the financial performance of the Group and the market conditions prevailing at the time.

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

Regulatory capital resources (£m)	**2016**	2015
Core Tier 1 capital	**33.7**	31.9
Deductions: intangible assets	**(0.3)**	(0.5)
Regulatory capital resources	**33.4**	31.4

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

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group based on its current business model, the Group's financial position and strategy, the Board's risk appetite, and the Group's financial forecasts and its principal risks.

The Board adopts a conservative approach to strategic planning and capital management, mindful of the need to sustain a strong financial position and to ensure a robust and liquid balance sheet. This approach has served the business well over its 33 year history, allowing the Group the capability to adapt its products and services to changing market conditions through numerous market cycles. The Group's strategy and principal risks are assessed in the normal course of business and in Board discussions and regular off-site meetings as well as regular review by the Executive Committee.

The market and regulatory environment in which the Group operates is constantly evolving and for this reason the Directors consider it prudent to consider a three year horizon over which to assess the viability of the Group. This period is consistent with the Group's approach to preparing its ICAAP, which uses statistical modelling and robust downside scenarios (stress testing) to quantify the level of capital required to mitigate the financial impact on the Group, and on the Group's business model arising from its principal risks.

The principal risks of the business include operational, business, liquidity, market and credit risk. The approach to stress testing includes consideration of a range of factors which may result in AUME outflows for example, a general market downturn or a large operational risk event.

The Directors have a current, reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due over the three year period of their assessment.

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

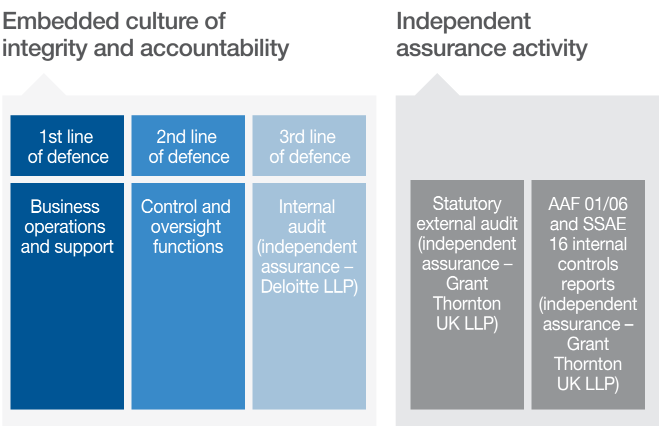
The Board has ultimate responsibility for risk and the oversight of the risk management process within the business. Recognising that risk is inherent in all of the Group's business dealings, and in the markets and instruments in which the Group operates, it places a high priority on ensuring that there 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 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 and 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 Management 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 continually 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 opposite.

Risk type	Risk 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**
At time of writing, the referendum on whether the UK should remain in or leave the EU is to be held on 23 June 2016. Record and its clients are subject to extensive EU-originated legislation and should the referendum result in a leave vote, there will be an impact on the business and its clients in terms of the legal and structural framework under which banking, trading and regulatory rules currently operate.	Beyond the immediate impact of the referendum on currency markets and clients, it is too soon to anticipate the broader effects on Record's business. However, a prolonged period of negotiation would follow a leave vote with the likely objective of achieving at least equivalent arrangements for allowing cross-border trading in the EU.
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. Resources are allocated to seek to prevent 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 office environment and culture, as well as 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. Historic concentration of Dynamic Hedging product now diluted by growth in Passive Hedging.
Account concentration: Record has a relatively small number of high value clients. Its largest client generated 13% of revenue in the year ended 31 March 2016, and the largest five clients generated 60% of revenue in the year ended 31 March 2016.	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 directors 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 management continued

Risk type	Risk 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**
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.
Draft rules for risk mitigation of over-the-counter derivatives not cleared by a central clearing party, to be implemented under the European Market Infrastructure Regulation, mandate variation margin for FX forward contracts and swaps for EU financial counterparties including pension funds, from a date to be determined in 2017 or 2018. Such a requirement would be a major change from the historic practice of many of Record's clients of using non-collateralised foreign exchange credit lines. Such clients may consider moving currency hedging mandates to other managers who already manage assets that could be used as collateral, or may consider stopping currency hedging altogether.	The Group continues to engage with regulators, clients and industry bodies to highlight the potential consequences and seek to have the draft rules amended. The Group is also enhancing its ability to offer variation margin and cash management services to clients to meet such requirements, should they be confirmed.
60% of AUME and 32% of revenues in the year ended 31 March 2016 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	Risk ownership
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**
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 type	Risk owner
Operational risk 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**
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 Management 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 are used to monitor whether programmes 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 management continued

Risk type	Risk 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**
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

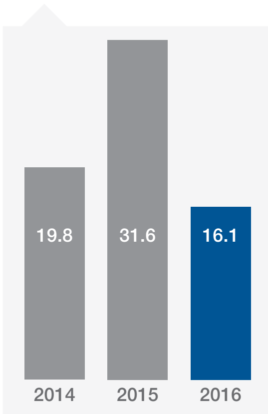
Community

During the course of the year, the Group made charitable donations totalling £16,079. 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.

The Group continues to encourage employees to participate in fundraising activities for charitable causes. This year employees participated in a variety of events, including a fundraising walk, charity lunches and a number of dress-down days, with a particular focus on raising money for the Royal Hospital for Neurodisability.

The Group has an established internship programme for students and during the year we welcomed interns from Oxford University, Cambridge University, University College London, Bath University, École Hôtelière de Lausanne and the Teach First Leadership Development Programme.

Charitable donations
(£'000)



Human rights

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

Corporate social responsibility continued

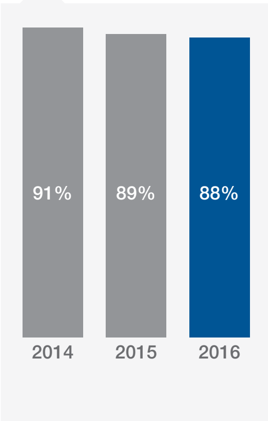
Workplace

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. The Board has established a staff-run welfare committee which organises team-building and other social events enhancing interaction between different departments and different grades within the business.

Staff retention
(%)



In addition, the Group provides a number of different benefits to employees including pension, private medical cover, 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 2016	Female		Male	
Board Directors	2	22%	7	78%
Senior management	3	23%	10	77%
Other staff	23	45%	28	55%
All employees	**28**	**38%**	**45**	**62%**

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, currently in Brazil.

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 77% of emissions (2015: 76%).

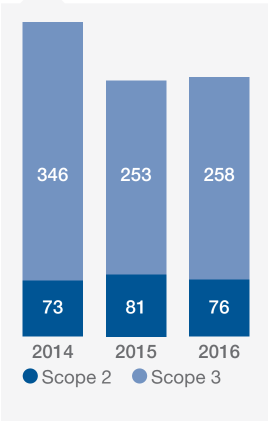
The Company's Strategic report is set out on pages 2 to 35 of the Annual Report.

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

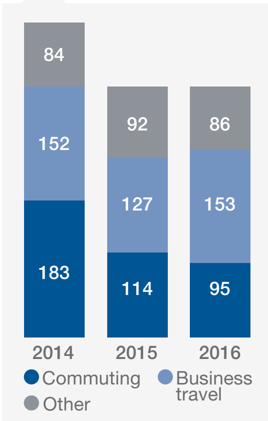
The Strategic report was approved by the Board on 16 June 2016 and signed on its behalf by:

James Wood-Collins
Chief Executive Officer

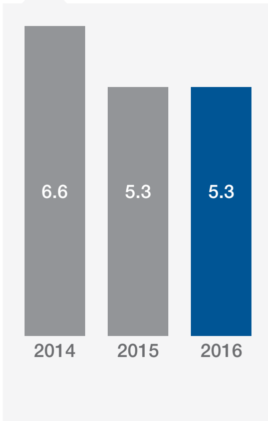
Gross CO_2 emissions (Tonnes)

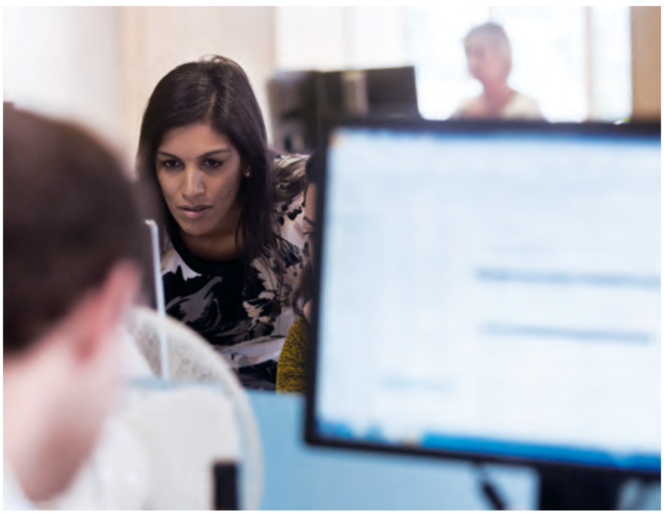


Gross CO_2 emissions by activity (Tonnes)



Gross CO_2 emissions per head (Tonnes)





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

Board of Directors

1 Neil Record (62)
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.

N

2 James Wood-Collins (44)
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.

3 Cees Schrauwers (69)
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. He is Chairman of the Guernsey Financial Services Commission and Chairman of EC3\legal, a London based law firm.

AR* N R

4 Leslie Hill (60)
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.

5 Bob Noyen (53)
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).

6 Steve Cullen (47)
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 nine 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.

7 Andrew Sykes (58)
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.

AR N R*

8 David Morrison (57)
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. 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 is currently on the Board of PayPoint plc and several private companies with which Prospect is associated.

AR N* R

9 Jane Tufnell (52)
Non-executive Director

Jane Tufnell was appointed as a Non-executive Director in September 2015. Jane co-founded the investment management firm Ruffer LLP in 1994 and served on its management board until her retirement in June 2014. She was appointed as the non-executive chairman of GVQ Investment Management Limited in June 2015. She is also the senior independent director of The Diverse Income Trust plc and has been an independent non-executive director of JPMorgan Claverhouse Investment Trust plc since October 2013.

AR N R

10 Rosemary Hilary (61)
Non-executive Director

Rosemary Hilary was appointed as a Non-executive Director in June 2016. She was previously Chief Audit Officer of TSB Bank, an Executive Committee role. There she built the Internal Audit function following the establishment of TSB as a separate bank divested from Lloyds Banking Group. Prior to that she held a number of senior financial services regulatory roles, transitioning from the Bank of England to the Financial Services Authority and then to the Financial Conduct Authority. Rosemary is also a Non-executive Director of the Pension Protection Fund and a member of its Risk and Audit Committee and Investment Committee, and a member of the MBA Advisory Board at Cass Business School. From 2010 until 2016, Rosemary was a Trustee of the Board of Shelter, the national homelessness charity, where she was also a member of the Audit, Risk and Finance Committee.

AR N R

AR Audit and Risk Committee
N Nomination Committee
R Remuneration Committee
* Chair

Corporate governance report

"The Board has established a framework of committees and sub-committees to ensure robust corporate governance practices throughout the business."

Chairman's statement

The Board works closely with the Group's highly experienced management team to implement a strong, effective governance framework which supports Record's dedicated operational teams in delivering a high quality service to all our clients. We believe that the long-term growth and success of the Record Group has always been underpinned by these robust corporate governance practices.

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 remain effective, regulatory change will continue to be an area of ongoing attention.

A further focus has been succession planning, and over the last 18 months we have conducted a search for two new independent directors to replace Cees Schrauwers and Andrew Sykes who will cease to be deemed independent in November 2016. I am delighted to confirm that we have identified and appointed two highly skilled individuals, Jane Tufnell and Rosemary Hilary, who I believe will add great value to the Board and bring extensive market experience and good business insight to the Record Group.

Cees Schrauwers and Andrew Sykes have both indicated their intention to resign from the Record plc Board in September 2016 and I thank them for their input and dedication to the Group since they joined the Board in November 2007.

Neil Record
Chairman
16 June 2016

Corporate culture

Since the business was first established in 1983 Record has endeavoured to put the interests and needs of our clients first and this cultural 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 2014 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.

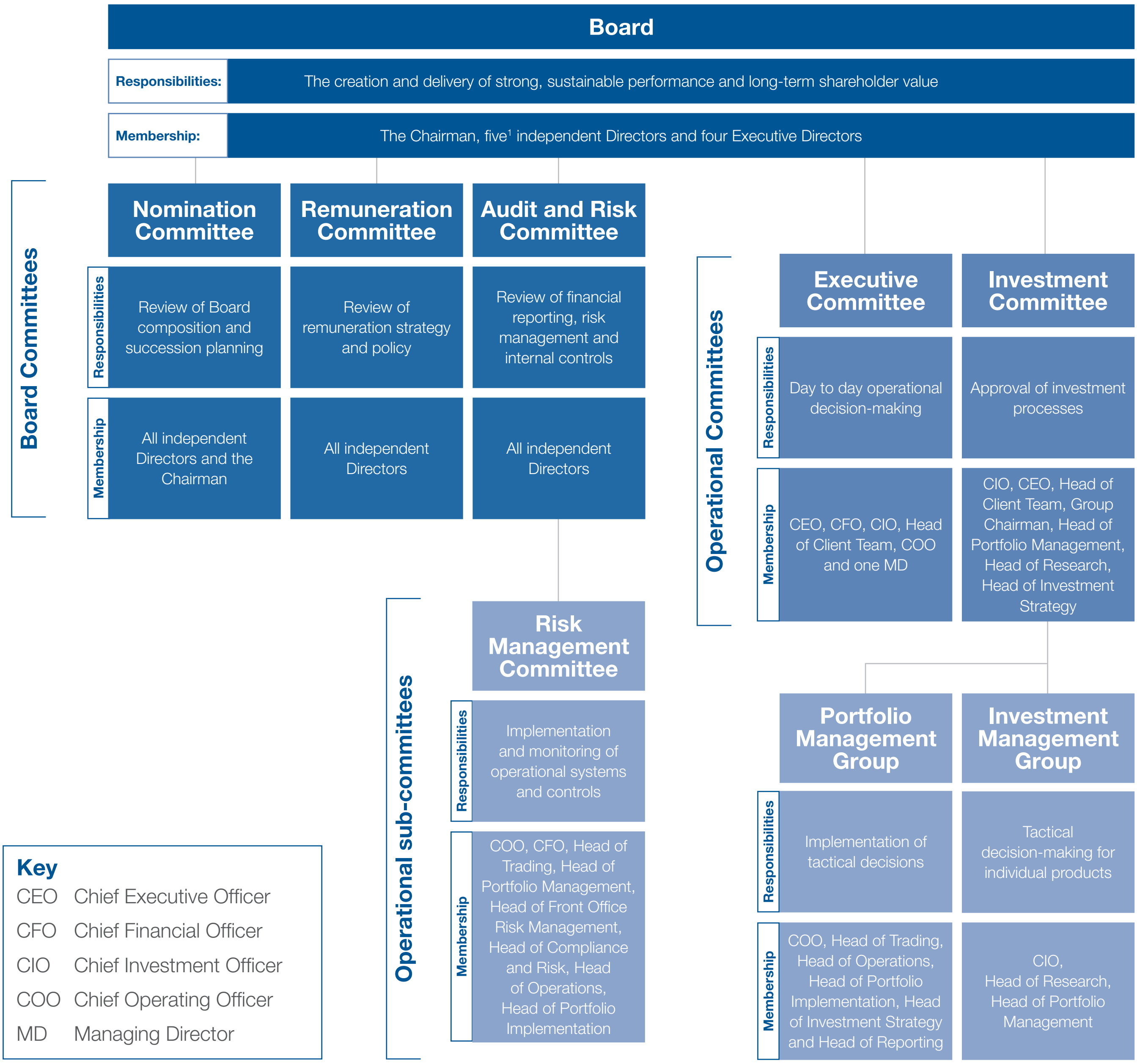
Listed companies are required under the Financial Conduct Authority Listing Rules either to comply with the provisions of the Code or explain to investors in their next annual report why they have not done so.

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 in the narrative below.

Corporate governance framework

The Board has established a framework 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 and to respond rapidly when issues arise.

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



1 Please see the Board membership section on page 40 for more details.

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 the 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 are currently five Non-executive Directors, Cees Schrauwers, being the Senior Independent Director, Andrew Sykes, David Morrison, Jane Tufnell and Rosemary Hilary.

- Jane Tufnell was appointed to the Board in September 2015 and Rosemary Hilary was appointed in June 2016.
- Cees Schrauwers and Andrew Sykes plan to retire from the Board in September 2016 having served the business for almost nine years.

The division of responsibilities between Chairman and Chief Executive Officer is clearly established, set out in writing 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, David Morrison, Jane Tufnell and Rosemary Hilary to be independent at the current time. Neil Record is a Non-executive Chairman, although he is not considered to be independent.

On an ongoing basis at least half the Board members have not been independent Non-executive Directors as required by the Code for FTSE 350 companies but the Board does comply with the Code's provision for smaller companies to have at least two independent Non-executive Directors. The Board considers that the existing composition and the planned structure to have three independent Non-executive Directors going forward 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 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 their 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 against 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 2015 as part of this annual review.

Board member diversity

With the appointment of Rosemary Hilary in June 2016 the Board now has three female members in a board of ten, and following the planned departure of Cees Schrauwers and Andrew Sykes in September 2016, women will make up 38% of the Board. It is the Board's aim to maintain a diverse mix of skills, experience, knowledge and backgrounds 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 the present time. 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 34.

Board meetings

The Board met six times between 1 April 2015 and 31 March 2016 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. 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 additional 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 2016.

Attendance	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Meetings in the year	6	6	6	5
Neil Record	6/6	n/a	n/a	5/5
Cees Schrauwers	6/6	6/6	6/6	5/5
Andrew Sykes	6/6	6/6	6/6	5/5
David Morrison	5/6	4/6	6/6	5/5
Jane Tufnell	4/4	4/4	2/2	3/3
James Wood-Collins	6/6	n/a	n/a	n/a
Steve Cullen	6/6	n/a	n/a	n/a
Leslie Hill	6/6	n/a	n/a	n/a
Bob Noyen	6/6	n/a	n/a	n/a

Jane Tufnell was appointed to the Board in September 2015. Rosemary Hilary was appointed on 1 June 2016 and so did not attend any meetings in the year under review.

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 2016 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 sub-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 2016 was positive and all roles were considered to be undertaken effectively.

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 activities in the year:

- Nomination Committee – report set out on page 44;
- Audit and Risk Committee – report set out on pages 46 to 49; and
- Remuneration Committee – report set out on pages 52 to 64.

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 Chair 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, Andrew Sykes, David Morrison and Jane Tufnell to assess each committee's effectiveness during the year. The reviews concluded that the committees were operating in an effective manner and no concerns were raised and these conclusions were reported to the Board accordingly.

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 the Executive Committee, which 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 the Investment 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 developments and external events. 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 within 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 and Risk and the Head of Front Office Risk Management are all members of the Committee. The Committee meets at least once a month and as necessary in response to individual or specific events requiring review. The minutes of meetings 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 as sub-delegated by the Investment Committee in policy documents. 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 available for inspection by the Board and Executive Committee.

Portfolio Management Group

The Investment Committee has granted the Portfolio Management Group the authority to plan and implement process overrides as instructed by the Investment Management Group and as sub-delegated by the Investment Committee in policy documents. The Portfolio Management Group consists of the Chief Operating Officer, the Head of Portfolio Implementation, the Head of Trading, the Head of Operations, the Head of Investment Strategy and the Head of Reporting 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, the Risk Management Committee and the 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 is provided on pages 28 to 32 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 2016 and is satisfied that the internal control environment is appropriate (see "Internal controls and risk management" on page 48).

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; and
- 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
16 June 2016

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.

Membership of the Committee

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

Committee meetings

The Committee met on five occasions during the year ended 31 March 2016 and invited the Chief Executive Officer, Company Secretary and the Head of Human Resources to join the meetings as the Committee considered appropriate.

Key Committee activities

Independent director search

The primary focus of the Nomination Committee during the year has been the appointment of two new independent directors to replace Cees Schrauwers and Andrew Sykes who will no longer be deemed independent from November 2016.

This appointment process started in late 2014 and the Nomination Committee worked with the Head of Human Resources to prepare an independent director position specification, detailing the personal attributes required together with a job description for the two roles to be filled. These requirements were approved by the Board on 5 February 2015.

The Nomination Committee delegated the responsibility for managing the recruitment process to David Morrison and Neil Record. With the Nomination Committee's approval, David and Neil appointed London-based recruitment firm Norman Broadbent on 27 March 2015 to assist in the selection process. A shortlist of candidates was subsequently identified and interviews held with four candidates in June 2015. This initial search identified Jane Tufnell as the preferred candidate to take forward in the selection process due to her strong hands-on track record in investment management. Following a recommendation by the Nomination Committee and the Board's formal approval, Jane was appointed in September 2015.

David and Neil commenced a further search in October 2015 to identify a candidate who could assume the role of Audit and Risk Committee Chair following the resignation of the current incumbent. The services of Norman Broadbent were employed again for this second search. Three candidates were interviewed in December 2015 and Rosemary Hilary was selected to proceed on the basis of her extensive business and regulatory experience. The Board formally approved the Nomination Committee's recommendation to appoint Rosemary and she was formally appointed with effect from 1 June 2016.

Both candidates met with all the Board members and the Head of Compliance and Risk prior to a final discussion and unanimous approval by the Board. Thorough due diligence and the take-up of character references was undertaken for each candidate. Both appointments were subject to regulatory approval by the FCA.

The Nomination Committee is confident that Jane and Rosemary will rise to the demands of challenging the Board, ensure the business meets its objectives and help it to maintain its strong approach to governance and client-focused culture.

Board Diversity Policy and Board membership

The Board Diversity Policy was reviewed by the Committee in May 2015. The Committee agreed the policy remained appropriate and that no amendments were necessary.

The Committee is satisfied that the recent independent non-executive director search took into account the benefits of diversity and that the two individuals selected will add to the Board's mix of perspective, experience, background and personal attributes.

The Committee is content that the current composition of the Board remains appropriate and that the time commitment required of Non-executive Directors is consistent with the nature and size of the business. The Committee has acknowledged that future executive director succession planning should embrace the benefits of diversity.

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 has implemented strategies to attract, recruit and retain talented individuals with client focused and sales skills, and has focused on nurturing these individuals to become future executives. The Committee is supportive of such a strategy and has encouraged management to pursue this long-term approach to succession planning.

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chair of the Committee in May 2016. The conclusion was that the Committee had been effective in carrying out its duties.

Annual General Meeting

Neil Record, Steve Cullen and Bob Noyen are due to retire by rotation and stand for re-election at the 2016 Annual General Meeting. The Committee met without Neil Record being present to review the Directors standing for re-election, taking into account their ongoing effectiveness and commitment. The Committee agreed that Neil, Steve and Bob continue to make effective and valuable contributions to the Board's deliberations and accordingly the Committee has recommended the Board approve a resolution in respect of their re-election by shareholders.

Under the Company's Articles of Association when the Board of Directors appoints a new director, that director must stand for election at the next AGM. Accordingly, Jane Tufnell and Rosemary Hilary will both retire and stand for election as independent directors at this year's AGM. Under Listing Rules 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 2016 Notice of Annual General Meeting. The Nomination Committee has reviewed the election of Jane and Rosemary and has recommended that the Board approve a resolution in respect of their election by shareholders.

The Chair of the Nomination 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:

David Morrison
Chair of the Nomination Committee
16 June 2016

Audit and Risk Committee report

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, and reviewed by, 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, re-appointment 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 five Non-executive Directors as detailed below:

- Cees Schrauwers (Chair since the Committee's inception on 3 December 2007)
- Andrew Sykes (appointed 3 December 2007)
- David Morrison (appointed 14 January 2010)
- Jane Tufnell (appointed 14 September 2015)
- Rosemary Hilary (appointed 1 June 2016)

Cees Schrauwers and Andrew Sykes have both indicated their intention to step down from the Record plc Board in September 2016 and so the Board has considered who should be appointed as Chair of the Audit and Risk Committee when Cees Schrauwers resigns. Given her accounting and regulatory background the Board considers that Rosemary Hilary is the most appropriate independent Non-executive Director for the role and this view is supported by the current members of the Audit and Risk Committee.

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 2016, being four quarterly meetings plus two additional meetings ahead of results announcements. All meetings were also attended by the Head of Compliance and Risk and the Chief Financial Officer. The Chief Operating Officer attended four meetings. The Chief Executive Officer attended three meetings to explain draft market announcement commentary. The internal audit partner was present at four meetings and the external audit partner attended three 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 2016 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.

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 responses and actions to observations and recommendations made;
- review of departmental KPI and KRI data to ensure operational risks are identified and appropriately addressed by management; 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 Chair of the Audit and Risk Committee 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 Chair 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 and conduct risk

During the year a conduct risk programme was initiated to review and manage conduct risks. This initiative has been implemented by the Head of Compliance and Risk and the Executive Committee and the Audit and Risk Committee has oversight of the framework. The Committee believes that the culture within Record is and always has been a positive contributor to its control environment but that conduct should continue to be monitored across the business to ensure high ethical standards are always maintained.

Cyber security

The Committee has also focused on the cyber security risks to the business and the need to ensure that the Group’s systems and client data are properly safeguarded at all times.

With this focus in mind the Committee requested that Deloitte perform a Cyber Security Assessment as part of the Internal Audit plan for 2015/16. The review established that overall effective cyber security measures are in place with strong endpoint and mobile security controls, patching, change management, identity and access management, threat intelligence and incident response planning. Following detailed discussion of cyber security issues the Committee is satisfied with the actions being taken by management to respond to ongoing cyber threats and to protect the Group’s systems and data.

Regulatory change

The Committee is highly aware of the rapid pace of regulatory change and has regularly reviewed updates from the Head of Compliance and Risk on the regulatory environment to ensure that management is continuing to monitor developments and ensure compliance as necessary with the legislation of the countries and markets in which it conducts business. Regulatory change will continue to be closely monitored by the Committee for the foreseeable future with the introduction of margin rules and MiFID II being the major focus over the next 18 months.

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 significant 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 (“Grant Thornton”), 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 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.

Audit and Risk Committee report continued

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. Management owns and maintains a high level "Risk Map" which identifies key risk areas that may impact the Group. This analysis is used by the Committee to ensure that material risk areas are being appropriately considered and addressed by management 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 provided by Deloitte LLP ("Deloitte") under an outsourcing contract which commenced in May 2010. Deloitte reports 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 (Trading, Portfolio Implementation, Back Office, IT systems and Compliance) 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. Each review is scoped at the start of the audit to ensure an appropriate focus reflecting business activities, the market environment and regulatory attention at that time. The plan is periodically reviewed to ensure that it is adapted as necessary to capture 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 suitably addressed by management in an efficient and timely manner.

The Committee is satisfied with the internal audit work conducted by Deloitte 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 is 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 such 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 2016 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 2016 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 paid to Grant Thornton were:

	2016 £'000	2015 £'000
Audit services:		
Annual audit of the Company	**45**	44
Audit of the Group's subsidiaries	**39**	42
Total audit services	**84**	86
Non-audit services:		
Tax advisory and compliance services	**10**	10
Interim accounts review	**22**	21
Assurance services	**46**	44
Total non-audit services	**78**	75
Total fees	**162**	161
Percentage of audit fees to total fees:	**52%**	53%

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chair of the Committee in May 2016. 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 Chair 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
Chair of the Audit and Risk Committee
16 June 2016

Directors' report

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 2016 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:

- Strategic report on pages 2 to 35;
- Board of Directors on pages 36 and 37;
- Corporate governance report on pages 38 to 42; and
- Directors' statement of responsibilities on page 43.

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.

Disclosures required under LR 9.8.4R

The information required to be disclosed by LR 9.8.4R and which is applicable to Record plc is located within this Directors' report.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 67.

The Directors recommend a final ordinary dividend of 0.825 pence per ordinary share for the year ended 31 March 2016. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 3 August 2016 to shareholders on the register at the close of business on 1 July 2016. The shares will be quoted ex-dividend from 30 June 2016.

The Company paid an interim dividend of 0.825 pence per share on 23 December 2015 to shareholders on the register on 4 December 2015.

Shareholder waiver of dividends

The Record Employee Benefit Trust has waived its rights to dividends on the ordinary shares held in respect of the Group Share Scheme and the Group Profit Share Scheme. The trust held 4,942,248 shares as at 31 March 2016 (2015: 3,848,062).

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 2015, the Company obtained, subject to certain conditions, shareholder approval to purchase ordinary shares representing not more than 10% 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 2016:

	Number of ordinary 0.025p shares held	Percentage interest
Neil Record	70,980,711	32.06%
Schroders plc	34,081,894	15.40%
Leslie Hill	15,813,954	7.14%
Bob Noyen	9,214,571	4.16%
Mike Timmins	7,156,405	3.23%

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 16 June 2015 to 16 June 2016 the Company received two notifications in accordance with DTR 5 disclosing changes to voting interests in its ordinary share capital as follows: Leslie Hill on 22 June 2015 reporting a shareholding of 7.01% at that date and Schroders plc on 2 October 2015 reporting a shareholding of 15.82% 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 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 agreed by the Board and signed by Neil Record on 2 October 2014 in order to ensure full compliance with the new listing rules.

In accordance with the Listing Rules, the Board confirms that throughout the period under review:

- the Company has complied with the independence provisions in the relationship agreement; and
- so far as the Company is aware, Neil Record and his associates have complied with the independence provisions in the relationship agreement.

Directors

The Directors of the Company who held office during the year and to date are listed on pages 36 and 37. 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 senior 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 these share awards are transferred immediately to a nominee. These shares are not subject to any vesting conditions but are subject to "lock up" arrangements and clawback provisions. 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 financial statements.

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 25 to the financial statements.

Post-reporting date events

As set out in note 28 to the financial statements, there were no post-reporting date events.

Going concern

The Strategic report explains the Group's business activities together with the factors likely to affect its future development, performance and position and the financial statements include information on the Group's financial position, cash flows and liquidity. Also, the financial risk management note to the financial statements sets out the objectives, policies and processes for the management of the risks to which the business is exposed in order to minimise any adverse effects or the Group's financial performance. The Group has considerable financial resources and performs regular financial forecasts and cash flow projections, which are subject to rigorous sensitivity analysis.

Consequently, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue operations for the foreseeable future and therefore continue to adopt the going concern basis in preparing the Annual Report and Accounts.

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 33 to 35.

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 its willingness to continue as auditor, and a resolution will be proposed at the Annual General Meeting to re-appoint Grant Thornton as auditor of the Company in accordance with Section 489 of the Companies Act 2006, and to authorise the Directors to determine the auditor's remuneration for the current year.

Investor relations

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

The Board and the chair of each of the Board Committees will be available to answer questions put to them by shareholders of the Company at the 2016 Annual General Meeting.

2016 Annual General Meeting

The 2016 Annual General Meeting of the Company will be held at 10.00 a.m. on 28 July 2016 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
16 June 2016

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 is governed by the remuneration policy approved by shareholders at the AGM in 2014. We have communicated explicitly to shareholders, both in discussions and through the publication of our remuneration policy and we are not proposing any major changes to our remuneration structure again this 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.

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 2016 was again 30% of pre-Profit Share EBIT (to include employers' national insurance), 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. This year we extended our Share Scheme to allow Executive Directors to participate in Approved Share Options, with the same performance and clawback conditions as the Unapproved Scheme. Share option awards, both Approved and Unapproved, were made to all of the Executive Directors during the year in accordance with the terms and objectives of the Share Scheme.

The Remuneration Committee has reviewed salaries for the Executive Directors this year and no changes have been made.

In light of the pension legislation changes we have made a change to the structure of our pension contributions. For Executive Directors we now offer an employer contribution of 15.5% which can either be contributed to the Company's pension scheme or paid through the payroll if the individual has opted out of the pension scheme. This is a change from the previous arrangement of a 13% employer contribution and a 2.5% contribution based on matching an employee contribution.

Rosemary Hilary was appointed as Non-executive Director on 1 June 2016 and she will be paid in line with our remuneration policy and the fees paid to our other Non-executive Directors.

The 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 may change 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. The Board and the Remuneration Committee will review our remuneration policy in 2017.

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 28 July 2016.

Andrew Sykes

Andrew Sykes
Remuneration Committee Chairman
16 June 2016

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 clawback	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 normally expected to be in line with the typical level of increase awarded across the Group, except under certain circumstances such as: • a new Executive Director being 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.	The Remuneration Committee has reviewed salaries for the year ending 31 March 2017 and no changes have been made.
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, dental 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. 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 15.5% of each Director's salary into the Scheme. Executive Directors can choose to make a personal contribution in addition to the Company contribution. If Executive Directors have elected not to make contributions into the Group Personal Pension Scheme then they will be paid a cash amount equivalent to their employer pension contributions through the payroll, with the appropriate tax and national insurance deductions.	With the changes made to the annual allowance under the Finance Bill 2015 for this tax year, the Remuneration Committee approved a change to the structure of pension scheme contributions by removing a matching amount and having one level of employer contribution. For Executive Directors the employer contribution is 15.5% of salary.

Remuneration report continued

Element, purpose and link to strategy	Operation, performance measures, deferral and clawback	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. Clawback 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. Approved and Unapproved Options can be granted to Executive Directors under the Share Scheme. Approved Options are limited to a maximum value of £30,000. All share options awarded to Executive Directors are subject to a performance condition based on Record's cumulative annual EPS growth with vesting proportions directly related to this growth. Clawback provisions are in place for all options should there be any restatement of accounts or breach of contract, at the discretion of the Remuneration Committee.	Share options, both Approved and Unapproved, were awarded to each of the Executive Directors this year, using all of the 1% allocation. The Remuneration Committee limits 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 approved Share Incentive Plan ("SIP"). Executive Directors and all staff are able to buy shares from pre-tax salary up to an HMRC-approved limit (£1,800 for the financial year ended 31 March 2016), 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 clawback	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 be in line with the typical level of increase awarded across the Group. Salaries and fees from 1 May 2015 were: • Chairman: £77,000; • Senior Independent Director: £79,000; and • Non-executive Directors: £41,000.	The Chairman's salary is recommended by the Remuneration Committee and approved by the Board. The Chairman does not participate either in the Group Profit Share Scheme or in the Share Scheme. The Non-executive Directors' fees are approved by the Board and they do not participate either in the Group Profit Share Scheme or in the Share Scheme. Non-executive Directors' fees are reviewed annually but historically have been adjusted infrequently. The Chairman's salary and the Non-executive Directors' fees have been reviewed this year and no changes have been made.

Element, purpose and link to strategy	Operation, performance measures, deferral and clawback	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. The Chairman has chosen to opt out of the Group Personal Pension Scheme and in line with the policy for Executive Directors, the Chairman receives the employer pension contribution of 15.5% of his salary as taxable income.	The Non-executive Directors do not receive pension benefits.
Other elements of remuneration	The Chairman and the Non-executive Directors do not participate in the Group Profit Share Scheme, 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 due 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 on 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.

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 amended to allow Board Directors to participate in the grant of Unapproved Options. In 2016 the Share Scheme was further amended to allow Board Directors to be granted Approved Options.

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 which 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 60 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 cumulative EPS growth. One third of the award will vest on each of the third, fourth and fifth anniversaries of the date of grant, subject to an EPS hurdle linked to the annualised EPS growth for the respective three, four and five year periods from grant. Vesting is on a stepped basis, with 25% of each tranche vesting if EPS growth over the relevant period is at least RPI plus 4% per annum, increasing through 50% and 75% to 100% vesting if EPS growth exceeds RPI plus 13% per annum over the same period.

For staff below Executive Director level, 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 vest 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.

Clawback provisions

The Group Profit Share Scheme rules contain clawback 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 financial accounts which would have led to a reduction in any prior Profit Share award.

Both Approved and Unapproved Options granted under the Share Scheme for Executive Directors are subject to clawback 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.

Similarly, options under the Share Scheme are 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 the exercise of 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.

Share Incentive Plan

The Group operates an 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 2016). 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, Share Scheme and the SIP Scheme. There are, however, different requirements for share deferral within the Group Profit Share Scheme and different performance conditions and clawback 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 standing for election or re-election at the forthcoming AGM are as follows:

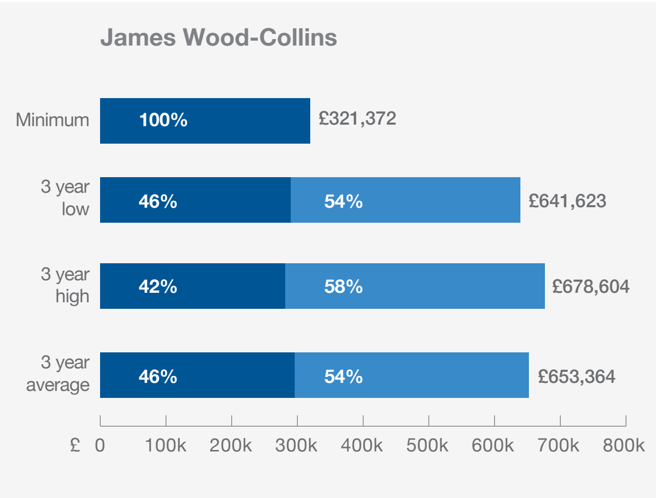
	Contract date	Notice period	Expiry/ review date
Election			
Jane Tufnell	13 July 2015	—	13 July 2018
Rosemary Hilary	18 February 2016	—	18 February 2019
Re-election			
Neil Record	5 November 2007	6 months	Rolling
Bob Noyen	5 November 2007	6 months	Rolling
Steve Cullen	15 March 2013	6 months	Rolling

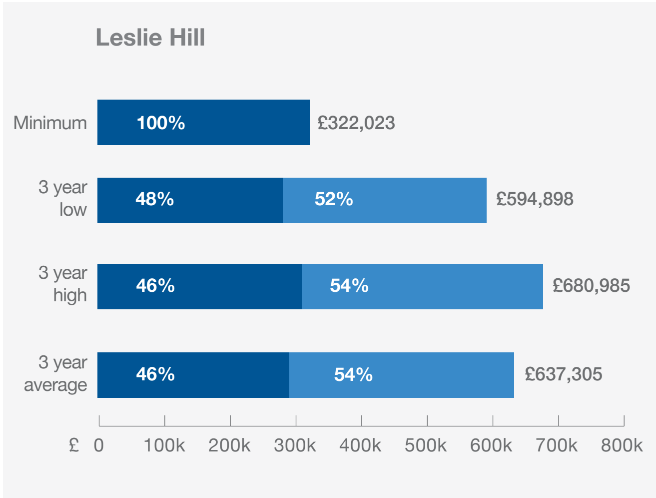
Remuneration report continued

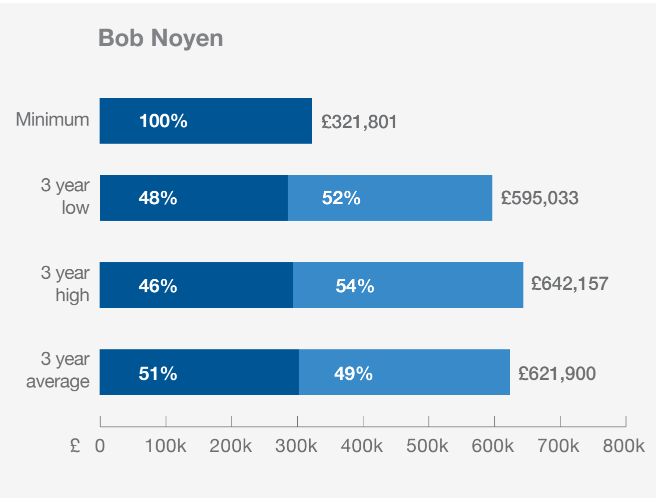
Remuneration illustrations

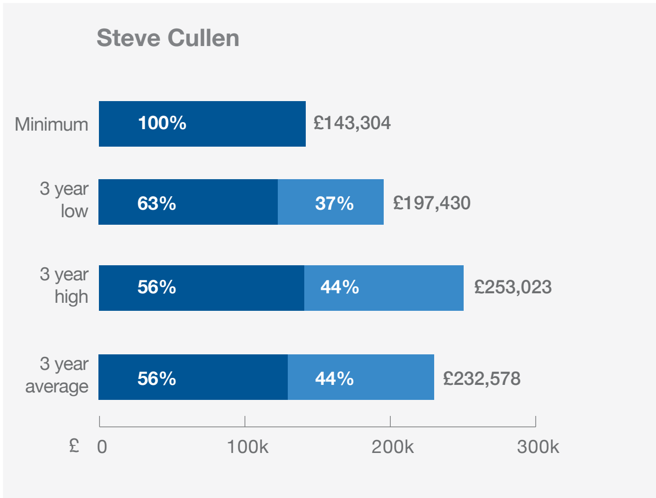
The charts below show the lowest, highest and average remuneration for the Executive Directors over the past three years. Fixed remuneration is comprised of salary, pension contributions, other benefits and any cash alternative. Variable remuneration is total Group Profit Share including cash and share payments. As variable remuneration is not capped at the individual level, we have used the three 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.

● Fixed ● Variable









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 the Group. 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 2016 AGM. The information on pages 59 to 64 has been audited where required under the regulations and is 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 2016 is detailed below together with their remuneration for the previous year.

Year ended 31 March 2016	Salaries and fees £	Benefits[1] £	Short-term incentive (GPS-cash) £	Short-term incentive (GPS-shares)[2] £	Pensions[3] £	**Total £**
Executive Directors						
James Wood-Collins	275,482	761	192,511	131,411	42,700	**642,865**
Leslie Hill	275,482	1,412	151,769	216,509	35,813	**680,985**
Bob Noyen	275,482	1,190	206,091	103,045	42,700	**628,508**
Steve Cullen	121,606	1,776	22,744	88,048	18,849	**253,023**
Non-executive Directors						
Neil Record	76,417	1,586	—	—	9,934	**87,937**
Cees Schrauwers	78,417	—	—	—	—	**78,417**
Andrew Sykes	40,750	—	—	—	—	**40,750**
David Morrison	40,750	—	—	—	—	**40,750**
Jane Tufnell (appointed 14 September 2015)	22,550	—	—	—	—	**22,550**
Total	**1,206,936**	**6,725**	**573,115**	**539,013**	**149,996**	**2,475,785**

Year ended 31 March 2015	Salaries and fees £	Benefits[1] £	Short-term incentive (GPS-cash) £	Short-term incentive (GPS-shares)[2] £	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**

1 This value includes matching shares on SIP scheme 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.

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 and for the financial year ending 31 March 2016, the Group made contributions up to 13% of each Director's salary which could either be paid into the Group Personal Pension Scheme, taken as cash or a combination of the two. The Group also matched 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.

Going forward the employer contribution will be 15.5% and there will be no matching element.

The employer pension contributions for the financial years ending 2015 and 2016 are detailed in the tables on page 59.

Directors' share options and share awards (audited information)

James Wood-Collins, Leslie Hill, Bob Noyen and Steve Cullen were all awarded options over 550,000 shares during the financial year ended 31 March 2016. For James Wood-Collins, Leslie Hill and Bob Noyen 100,000 of these were Approved Options awarded on 27 January 2016 and the remaining 450,000 were Unapproved Options awarded on 1 December 2015. Steve Cullen had previously received Approved Options before he was made a Board Director; he was therefore awarded 27,500 Approved Options and 72,500 Unapproved Options on 27 January 2016 with the remaining 450,000 Unapproved Options being awarded on 1 December 2015. All option awards were made in accordance with the scheme rules for Executive Directors.

All of the Executive Directors have previously been awarded Unapproved share options during the previous financial year and both James Wood-Collins and Steve Cullen were granted options prior to this.

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	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	26/11/2020	Not currently applicable
	01/12/2015	450,000	28.875p	01/12/2018	30/11/2021	Not currently applicable
	27/01/2016	100,000	24.50p	27/01/2019	26/01/2022	Not currently applicable
Leslie Hill	27/11/2014	630,000	35.86p	27/11/2017	26/11/2020	Not currently applicable
	01/12/2015	450,000	28.875p	01/12/2018	30/11/2021	Not currently applicable
	27/01/2016	100,000	24.50p	27/01/2019	26/01/2022	Not currently applicable
Bob Noyen	27/11/2014	630,000	35.86p	27/11/2017	26/11/2020	Not currently applicable
	01/12/2015	450,000	28.875p	01/12/2018	30/11/2021	Not currently applicable
	27/01/2016	100,000	24.50p	27/01/2019	26/01/2022	Not currently applicable
Steve Cullen	18/12/2012	75,000	30.98p	18/12/2016	17/12/2017	Not currently applicable
	27/11/2014	270,000	35.86p	27/11/2017	26/11/2020	Not currently applicable
	01/12/2015	450,000	28.875p	01/12/2018	30/11/2021	Not currently applicable
	27/01/2016	100,000	24.50p	27/01/2019	26/01/2022	Not currently applicable

No Executive Directors' share option awards vested during the year.

The value of shares over which the award of options was made in the year to each of James Wood-Collins, Leslie Hill, Bob Noyen and Steve Cullen was £154,437 all based on the exercise prices of £0.28875 and £0.245 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.

Vesting of awards made to Executive Directors is on a stepped basis and is linked to Record's average annualised EPS growth over the relevant period since grant as follows:

Record's annualised EPS growth over the period from grant to vesting	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 on 18 December 2012, before he was made a Board Director, 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 lock up (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 2015	Restricted awards during year	Restrictions released during year	**Interest in restricted shares at 31 March 2016**
James Wood-Collins	753,377	240,749	(210,475)	**783,651**
Leslie Hill	294,528	393,134	(145,361)	**542,301**
Bob Noyen	303,378	189,955	(149,785)	**343,548**
Steve Cullen	146,220	141,159	(16,555)	**270,824**

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.

2016	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	1,841,833	783,651	**2,625,484**	2,580,000	**5,205,484**
Leslie Hill	15,271,653	542,301	**15,813,954**	1,180,000	**16,993,954**
Bob Noyen	8,871,023	343,548	**9,214,571**	1,180,000	**10,394,571**
Steve Cullen	815,502	270,824	**1,086,326**	895,000	**1,981,326**
Non-executive Directors and Chairman					
Neil Record	70,980,711	—	**70,980,711**	—	**70,980,711**
Cees Schrauwers	330,000	—	**330,000**	—	**330,000**
Andrew Sykes	25,000	—	**25,000**	—	**25,000**
David Morrison	40,000	—	**40,000**	—	**40,000**
Jane Tufnell	150,000	—	**150,000**	—	**150,000**
Total	**98,325,722**	**1,940,324**	**100,266,046**	**5,835,000**	**106,101,046**

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**

Salary review for the Board

Last year there were salary changes made for the Executive Directors in May 2015. Salaries were reviewed by the Remuneration Committee in April 2016 and no changes have been made.

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.

The table below confirms the current salaries for Executive Directors:

	Salary from 1 May 2015 £	**Salary from 1 April 2016 £**	Increase £
Executive Directors			
James Wood-Collins	277,585	**277,585**	—
Leslie Hill	277,585	**277,585**	—
Bob Noyen	277,585	**277,585**	—
Steve Cullen	122,535	**122,535**	—
Non-executive Directors and Chairman			
Neil Record	77,000	**77,000**	—
Cees Schrauwers	79,000	**79,000**	—
Andrew Sykes	41,000	**41,000**	—
David Morrison	41,000	**41,000**	—
Jane Tufnell (appointed 14 September 2015)	41,000	**41,000**	—

Total remuneration of Chief Executive Officer (audited information)

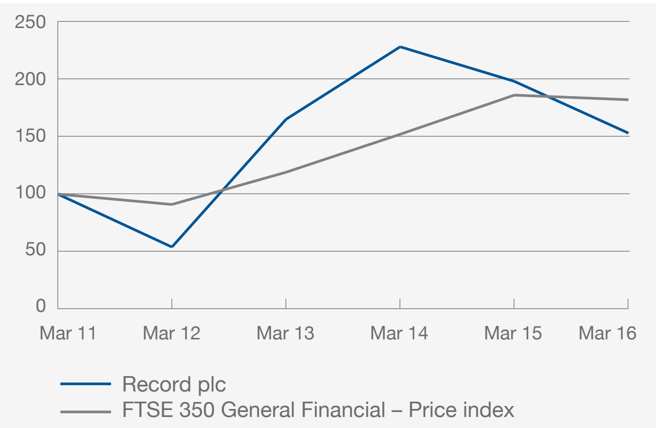
The total remuneration of the Chief Executive Officer over the last five years is shown in the following table. The total remuneration figure includes the annual profit share payment. There is no maximum value that could be paid during each year.

	Year ending 31 March				
	2012 £	2013 £	2014 £	2015 £	**2016 £**
James Wood-Collins	655,343	570,723	678,604	641,623	**642,865**

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

The following table shows the percentage change in the base salary, benefits and annual bonus of the Chief Executive Officer between the year ended 31 March 2016 and the previous financial year compared to the average for all employees of the Group.

% change in:	Chief Executive Officer	Average for all employees
Base salary	10%	13%
Benefits	No change	No change
Total annual profit share	(7%)	8%



Total Shareholder Return performance graph

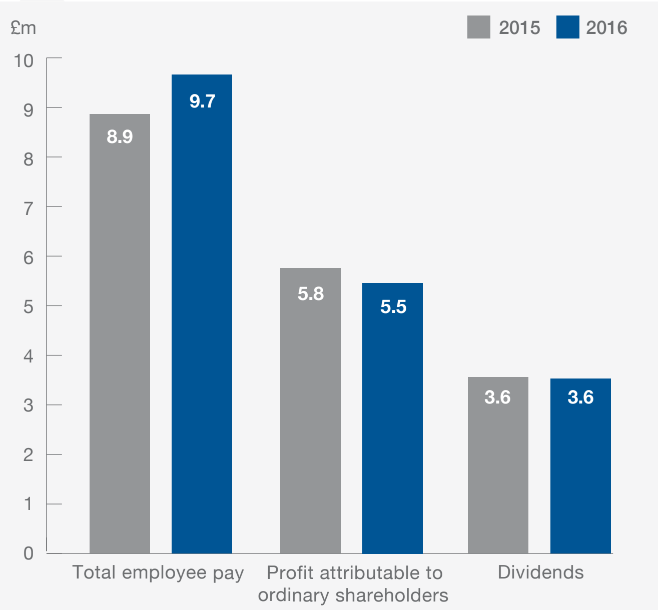
The graph shows the Group's Total Shareholder Return compared with the FTSE 350 – General Financial Index, and shows the change in the theoretical value of £100 invested in Record plc on 31 March 2011 compared to £100 invested in the FTSE 350 – General Financial Index. The FTSE 350 – General Financial Index has been chosen because the index is a widely accepted performance comparison for UK small quoted financial services companies.

The market price of the Company's shares as at 31 March 2016 was 25.50p. The highest closing share price during the financial year was 39.75p. The lowest closing share price during the financial year was 22.13p.

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 chart above as follows:

2016: interim dividend paid in December 2015 of 0.825p per share and final dividend proposed of 0.825p per share (total: 1.65p per share) with respect to the year ended 31 March 2016 (2015: 1.65p per share).

Meetings and attendance

The Remuneration Committee is chaired by Andrew Sykes, and he is supported by the three independent Non-executive Directors, Cees Schrauwers, David Morrison and Jane Tufnell. Both Cees and David served on the Committee throughout the year and Jane joined the Committee upon her appointment in September 2015. David Morrison will succeed Andrew Sykes as Chairman of the Committee in September 2016.

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

	Maximum possible attendance	Meetings attended
Andrew Sykes	6	6
Cees Schrauwers	6	6
David Morrison	6	5
Jane Tufnell[1]	2	2

1 Jane Tufnell joined the Board on 14 September 2015.

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. McLagan did not provide any direct advice to the Remuneration Committee. No fees were paid for participating in the survey.

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 2015, the resolution seeking approval of the remuneration report received the following votes:

	Total number of votes	% of votes cast
For	150,902,249	99.97%
Against	51,197	0.03%
Total votes cast	150,953,446	100.00%
Votes withheld	4,870	–

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chairman of the Committee in May 2016, and was based on discussions with Committee 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
16 June 2016

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 parent company's affairs as at 31 March 2016 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 for the year ended 31 March 2016 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.

Overview of our audit approach

- Overall group materiality: £351,000, which represents approximately 5% of the group's profit before taxation;
- We performed full scope audit procedures for Record plc, Record Currency Management Ltd and Record Group Services Ltd and targeted procedures on Record Currency Management (US) Inc and Record Umbrella Funds; and
- Key audit risk identified as revenue recognition.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on 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, the group is entitled to performance fees. Due to the large monetary amounts involved, their materiality within the financial statements and the susceptibility of revenue recognition to fraudulent financial reporting, we have identified revenue recognition as a significant risk requiring special audit consideration.

How we responded to the risk: Our audit work included, but was not restricted to:

- evaluating the description, design effectiveness and implementation of controls relating to revenue;
- assessing whether the stated accounting policies conform with IAS 18 and testing 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;
- for a sample of invoices, testing management fees by recalculating the fees recorded with reference to the management fee percentages and portfolio hedge ratios per the contractual arrangements and AUME. We also agreed the receipt of the management fees to bank statements;
- reviewing post period-end activity to identify any significant reversals or credit notes raised; and
- reviewing key inputs into performance fee calculations against signed contracts and performance benchmarks.

The group's accounting policy on revenue recognition and related disclosures on revenues are shown in note 3 to the financial statements.

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 use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the group financial statements as a whole to be £351,000, which is approximately 5% of profit before taxation. 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.

Materiality for the current year is lower than the level that we determined for the year ended 31 March 2015 to reflect the reduction in the Group's profit before taxation.

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 £17,550. 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

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

We conducted our audit in accordance with ISAs (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.

Independent auditor's report continued

to the members of Record plc

Our audit approach was based on a thorough understanding of the group's business and is risk based, and in particular included:

- evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality considered as a percentage of group's total assets, revenues and profit before taxation or significance based on qualitative factors, such as specific use is or concerns over specific components; our assessment was that there were two significant components;
- focusing our group audit approach on the audit work associated with two significant components subject to full scope audits for the year ended 31 March 2016, namely, Record Currency Management Limited and Record Group Services Limited. These entities represent the most significant subsidiaries of the group and account for approximately 100% of the revenue. Our audit work on these components was performed at levels of materiality applicable to each individual entity which were lower than the group materiality;
- specific targeted procedures were also performed on another four components based on our assessment of the risks of material misstatements and of the materiality of the group's operations within the components;
- evaluation of the group's internal controls over key financial systems; and
- a substantive approach 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;
- 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; and
- the information given in the Corporate Governance Statement set out on pages 38 to 42 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Under the Listing Rules, we are required to review:

- the directors' statements in relation to going concern and longer-term viability, set out on pages 51 and 27 respectively; and
- the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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 and risk committee which we consider should have been disclosed.

We have nothing to report in respect of any of the above matters.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the group including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation in the annual report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Responsibilities for the financial statements and the audit

What the directors are responsible for:

As explained more fully in the Directors' Responsibilities Statement set out on page 43, 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 ISAs (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

16 June 2016

Consolidated statement of comprehensive income

Year ended 31 March

	Note	2016 £'000	2015 £'000
Revenue	3	**21,134**	21,057
Cost of sales		**(221)**	(148)
Gross profit		**20,913**	20,909
Administrative expenses		**(14,123)**	(13,373)
Operating profit	4	**6,790**	7,536
Finance income		**143**	146
Profit before tax		**6,933**	7,682
Taxation	6	**(1,523)**	(1,708)
Profit after tax and total comprehensive income for the year		**5,410**	5,974
Profit and total comprehensive income for the year attributable to:			
Non-controlling interests		**(131)**	192
Owners of the parent		**5,541**	5,782
Earnings per share for profit attributable to the equity holders of the Group during the year			
Basic earnings per share	7	**2.55p**	2.66p
Diluted earnings per share	7	**2.54p**	2.65p

The notes on pages 74 to 99 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 March

	Note	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	10	**81**	129
Intangible assets	11	**299**	504
Investments	12	**–**	2,567
Deferred tax assets	13	**43**	73
		423	3,273
Current assets			
Trade and other receivables	14	**5,695**	6,324
Derivative financial assets	15	**106**	619
Money market instruments with maturity > 3 months	16	**13,020**	18,100
Cash and cash equivalents	16	**21,720**	12,010
Total current assets		**40,541**	37,053
Total assets		**40,964**	40,326
Current liabilities			
Trade and other payables	17	**(2,372)**	(2,949)
Corporation tax liabilities	17	**(776)**	(893)
Derivative financial liabilities	15	**(108)**	(680)
Total current liabilities		**(3,256)**	(4,522)
Total net assets		**37,708**	35,804
Equity			
Issued share capital	18	**55**	55
Share premium account		**1,899**	1,847
Capital redemption reserve		**20**	20
Retained earnings		**31,715**	30,006
Equity attributable to owners of the parent		**33,689**	31,928
Non-controlling interest	20	**4,019**	3,876
Total equity		**37,708**	35,804

Approved by the Board on 16 June 2016 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

The notes on pages 74 to 99 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Year ended 31 March 2016

	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 2015	55	1,847	20	30,006	31,928	3,876	35,804
Profit and total comprehensive income for the year	—	—	—	5,541	5,541	(131)	5,410
Dividends paid	—	—	—	(3,750)	(3,750)	—	(3,750)
Own shares acquired by EBT	—	—	—	(1,006)	(1,006)	—	(1,006)
Release of shares held by EBT	—	52	—	536	588	—	588
Change in non-controlling interest on initial consolidation of seed fund	—	—	—	—	—	417	417
Issue of units in funds to non-controlling interests	—	—	—	—	—	(143)	(143)
Share-based payment reserve movement	—	—	—	388	388	—	388
Transactions with shareholders	**—**	**52**	**—**	**(3,832)**	**(3,780)**	**274**	**(3,506)**
As at 31 March 2016	**55**	**1,899**	**20**	**31,715**	**33,689**	**4,019**	**37,708**

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 acquired by EBT	—	—	—	(318)	(318)	—	(318)
Release of shares held by EBT	—	9	—	314	323	—	323
Issue of units in funds to non-controlling interests	—	—	—	—	—	17	17
Share-based payment reserve movement	—	—	—	167	167	—	167
Transactions with shareholders	—	9	—	(3,103)	(3,094)	17	(3,077)
As at 31 March 2015	55	1,847	20	30,006	31,928	3,876	35,804

The notes on pages 74 to 99 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 31 March

	Note	2016 £'000	2015 £'000
Net cash inflow from operating activities	24	**5,509**	6,335
Cash flow from investing activities			
Purchase of intangible software		**(39)**	—
Purchase of property, plant and equipment		**(29)**	(128)
Sale of securities		**1,462**	186
Sale/(purchase) of money market instruments with maturity > 3 months		**5,079**	(2,612)
Increase in cash as a result of consolidating FTSE FRB10 Index Fund		**1,968**	—
Interest received		**165**	141
Net cash inflow/(outflow) from investing activities		**8,606**	(2,413)
Cash flow from financing activities			
Cash flow from (redemption)/issue of units in funds		**(143)**	17
Exercise of share options		**—**	15
Purchase of own shares		**(794)**	(318)
Dividends paid to equity shareholders	8	**(3,750)**	(3,266)
Cash outflow from financing activities		**(4,687)**	(3,552)
Net increase in cash and cash equivalents in the year		**9,428**	370
Effect of exchange rate changes		**282**	137
Cash and cash equivalents at the beginning of the year		**12,010**	11,503
Cash and cash equivalents at the end of the year		**21,720**	12,010
Closing cash and cash equivalents consists of:			
Cash		**5,439**	2,730
Cash equivalents		**16,281**	9,280
Cash and cash equivalents	16	**21,720**	12,010

The notes on pages 74 to 99 are an integral part of these consolidated financial statements.

Company statement of financial position

Year ended 31 March

	Note	2016 £'000	2015 £'000
Non-current assets			
Investments	12	**3,666**	3,539
		3,666	3,539
Current assets			
Cash and cash equivalents	16	**2**	17
Total current assets		**2**	17
Total assets		**3,668**	3,556
Current liabilities			
Trade and other payables	17	**(11)**	(481)
Total current liabilities		**(11)**	(481)
Total net assets		**3,657**	3,075
Equity			
Issued share capital	18	**55**	55
Share premium account		**1,809**	1,809
Capital redemption reserve		**20**	20
Retained earnings		**1,773**	1,191
Total equity		**3,657**	3,075

Approved by the Board on 16 June 2016 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

The notes on pages 74 to 99 are an integral part of these consolidated financial statements.

Company statement of changes in equity

Year ended 31 March 2016

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2015	55	1,809	20	1,191	3,075
Profit and total comprehensive income for the year	—	—	—	4,092	4,092
Dividends paid	—	—	—	(3,750)	(3,750)
Share option reserve movement	—	—	—	240	240
Transactions with shareholders	**—**	**—**	**—**	**(3,510)**	**(3,510)**
As at 31 March 2016	**55**	**1,809**	**20**	**1,773**	**3,657**

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)
Share option reserve movement	—	—	—	167	167
Transactions with shareholders	—	—	—	(3,099)	(3,099)
As at 31 March 2015	55	1,809	20	1,191	3,075

The notes on pages 74 to 99 are an integral part of these consolidated financial statements.

Company statement of cash flows

Year ended 31 March

	Note	2016 £'000	2015 £'000
Net cash (outflow)/inflow from operating activities	24	**(471)**	177
Cash flow from investing activities			
Dividends received		**4,205**	3,070
Interest received		**1**	2
Net cash inflow from investing activities		**4,206**	3,072
Cash flow from financing activities			
Dividends paid to equity shareholders	8	**(3,750)**	(3,266)
Cash outflow from financing activities		**(3,750)**	(3,266)
Net decrease in cash and cash equivalents in the year		**(15)**	(17)
Cash and cash equivalents at the beginning of the year		**17**	34
Cash and cash equivalents at the end of the year		**2**	17
Closing cash and cash equivalents consists of:			
Cash		**2**	17
Cash equivalents		**—**	—
Cash and cash equivalents	16	**2**	17

The notes on pages 74 to 99 are an integral part of these consolidated financial statements.

Notes to the financial statements

For the year ended 31 March 2016

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 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 2016. 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 50 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 set out in IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The bases for management judgements, estimates and assumptions are discussed further in note 2.

Impact of new accounting standards

A number of amendments to existing standards and interpretations have been issued, some of which were mandatory for periods beginning 1 April 2015, with the remaining becoming effective in future periods. The new standards and amendments to existing standards effective for the year to 31 March 2016 have not had a material impact on the financial statements of Record plc.

Standard	Description	Effective date
Annual Improvements to 2012 Cycle (December 2013)		1 February 2015
Annual Improvements 2013 Cycle (December 2013)		1 January 2015
IFRIC Interpretation 21 (issued on 20 May 2013)	Levies	17 June 2014

Standards and interpretations not endorsed

Standard	Description	Effective date (periods commencing on or after 1 January 2015)
Amendment to IAS 16 and IAS 38 (May 2014)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Annual improvements 2014 (September 2014)	Improvements to: IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016
Amendments to IAS 1 (December 2014)	Part of the disclosure initiative aimed at improving financial statement presentation and disclosures	1 January 2016
IFRS 15 (May 2014)	Revenue from contracts with customers	1 January 2018
IFRS 9 (July 2014)	Financial Instruments	1 January 2018
IFRS 16 (January 2016)	Leases	1 January 2019

IFRS 16 "Leases" may have a material impact on the financial statements, as the Group would have to recognise at the commencement of any future lease for premises both a "right-of-use" asset which would be depreciated over the lease period, and a lease liability equal to the present value of future lease payments. Record's existing lease is accounted for as an operating lease and therefore is not represented on the statement of financial position (balance sheet).

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 its subsidiaries drawn up to 31 March 2016. Subsidiaries are entities controlled by the Company and are included from the date that control commences until the date that control ceases. Control is achieved where the Company is exposed to or has rights over variable returns from its involvement with the entity and it has the power to affect returns. 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 financial statements.

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 financial statements incorporate the financial performance of the seeded funds in the year ended 31 March 2016 and the financial position of the seeded funds as at 31 March 2016.

The Company is taking advantage of the exemption under the Companies Act 2006 s408(1) not to present its individual statement of comprehensive income and related notes that form part of the financial statements. The Group total comprehensive income for the year includes a profit of £4,091,492 attributable to the Company (2015: £3,069,187).

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

(c) Foreign currencies

The financial statements are presented in sterling (£), which is the functional currency of the parent company. Foreign currency transactions are translated into the functional currency of the parent company using 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 (par) value of shares that have been issued. Share premium includes any premium received on issue of share capital. Retained earnings includes all current and prior period retained profits and share-based employee remuneration. All transactions with owners of the parent are recorded separately within equity.

Notes to the financial statements continued

For the year ended 31 March 2016

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 1(b) describes the basis which the Group uses to determine whether it controls seed funds. 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.

(a) Product revenues

The Group has split its currency management revenues by product. Other income includes gains or losses from foreign exchange conversion, gains or losses on derivative financial instruments (see note 15), gains or losses on seed investments that have not been consolidated on a line-by-line basis and fees from other related services.

Revenue by product type	2016 £'000	2015 £'000
Management fees		
Dynamic Hedging	**8,311**	9,376
Passive Hedging	**9,438**	8,105
Currency for Return	**3,192**	2,774
Total management fee income	**20,941**	20,255
Performance fee income – Dynamic Hedging	**315**	480
Other income	**(122)**	322
Total revenue	**21,134**	21,057

Other income includes losses attributable to the non-controlling interest's holding in the funds of £112,274 (2015: gain of £192,360).

(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	2016 £'000	2015 £'000
Management and performance fee income		
UK	**4,501**	5,501
US	**3,746**	3,660
Switzerland	**11,939**	10,352
Other	**1,070**	1,222
Total management and performance fee income	**21,256**	20,735
Other income	**(122)**	322
Total revenue	**21,134**	21,057

Other income is 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 2016, five clients individually accounted for more than 10% of the Group's revenue. The five largest clients generated revenues of £2.8m, £2.8m, £2.4m, £2.4m and £2.3m in the year (2015: five largest clients generated revenues of £3.2m, £2.4m, £2.3m, £2.2m and £2.1m).

4. Operating profit

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

	2016 £'000	2015 £'000
Staff costs	**9,693**	8,919
Depreciation of property, plant and equipment	**77**	85
Amortisation of intangibles	**244**	230
Auditor fees		
Fees payable to the Group's auditor for the audit of the Company's annual accounts	**45**	44
The audit of the Group's subsidiaries, pursuant to legislation	**39**	42
Other services pursuant to legislation	**68**	65
Other services relating to taxation	**10**	10
Operating lease rentals: land and buildings	**224**	224
Losses on forward FX contracts held to hedge cash flow	**315**	92
Other exchange gains	**(298)**	(701)

5. Staff costs

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

	2016	2015
Corporate	**9**	9
Client relationships	**12**	10
Investment research	**10**	11
Operations	**23**	24
Risk management	**4**	4
Support	**11**	10
Annual average	**69**	68

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

	2016 £'000	2015 £'000
Wages and salaries	**6,922**	6,489
Social security costs	**1,005**	871
Pension costs	**479**	416
Other employment benefit costs	**1,287**	1,143
Aggregate staff costs	**9,693**	8,919

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

Notes to the financial statements continued

For the year ended 31 March 2016

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:

	2016 £'000	2015 £'000
Profit before taxation	**6,933**	7,682
Taxation at the standard rate of tax in the UK of 20% (2015: 21%)	**1,387**	1,613
Tax effects of:		
Other disallowable expenses and non-taxable income	**15**	32
Capital allowances for the period lower than depreciation	**26**	8
Higher tax rates on subsidiary undertakings	**3**	—
Adjustments recognised in current year in relation to the current tax of prior years	**4**	5
Other temporary differences	**88**	50
Total tax expense	**1,523**	1,708
The tax expense comprises:		
Current tax expense	**1,493**	1,623
Deferred tax expense	**30**	85
Total tax expense	**1,523**	1,708

The standard rate of UK corporation tax for the year is 20% (2015: 21%). 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 2016 was £1,522,827 (2015: £1,707,824) which was 22.0% of profit before tax (2015: 22.2%).

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.

	2016	2015
Weighted average number of shares used in calculation of basic earnings per share	**217,176,877**	217,501,040
Effect of potential dilutive ordinary shares – share options	**711,980**	892,093
Weighted average number of shares used in calculation of diluted earnings per share	**217,888,857**	218,393,133

	pence	pence
Basic earnings per share	**2.55**	2.66
Diluted earnings per share	**2.54**	2.65

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 in place at the beginning of the period over 9,910,750 shares. During the year 853,750 options were exercised, and a further 90,000 share options lapsed or were forfeited. The Group granted 4,402,249 share options with a potentially dilutive effect during the year. Of the 13,369,249 share options in place at the end of the period, 9,007,253 share options 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 2016 totalled £3,749,849 (1.725p per share) which comprised a final dividend in respect of the year ended 31 March 2015 of £1,962,261 (0.90p per share) and an interim dividend for the year ended 31 March 2016 of £1,787,588 (0.825p per share).

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 final dividend proposed in respect of the year ended 31 March 2016 is 0.825p 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 £479,206 (2015: £416,276).

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:

2016	**Leasehold improvements £'000**	**Computer equipment £'000**	**Fixtures and fittings £'000**	**Total £'000**
Cost				
At 1 April 2015	534	624	304	1,462
Additions	—	24	5	29
Disposals	—	(106)	(65)	(171)
At 31 March 2016	**534**	**542**	**244**	**1,320**
Depreciation				
At 1 April 2015	534	522	277	1,333
Charge for the year	—	67	10	77
Disposals	—	(106)	(65)	(171)
At 31 March 2016	**534**	**483**	**222**	**1,239**
Net book amounts				
At 31 March 2016	**—**	**59**	**22**	**81**
At 1 April 2015	—	102	27	129

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

Notes to the financial statements continued

For the year ended 31 March 2016

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 – 2-5 years

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

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

2016	**Software £'000**	**Total £'000**
Cost		
At 1 April 2015	1,150	1,150
Additions	39	39
Disposals	—	—
At 31 March 2016	**1,189**	**1,189**
Amortisation		
At 1 April 2015	646	646
Charge for the year	244	244
Disposals	—	—
At 31 March 2016	**890**	**890**
Net book amounts		
At 31 March 2016	**299**	**299**
At 1 April 2015	504	504

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

Intangible assets includes 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 (2015: £138,112). All amortisation charges are included within administrative expenses.

12. Investments

Group

Investments in funds which are not consolidated on a line-by-line basis are designated as fair value through profit or loss. The Group will only consolidate funds on a line-by-line basis when the Group is able to control the fund by virtue of having a majority holding in the fund either directly, or in aggregate with the holdings of the Group's related parties.

The Group may hold certain securities through its seeded fund vehicles. The Group has held US government treasury inflation protected securities ("TIPS"), which are designated as fair value through profit or loss, and the fair value is determined by reference to quoted market price. These securities are classified as a Level 1 investment.

Investments	2016 £'000	2015 £'000
Record Currency – FTSE FRB10 Index Fund	–	1,105
US government TIPS	–	1,462
	–	2,567

The Group gained control of the Record Currency FTSE FRB10 Index Fund on 1 September 2015 as a result of a disinvestment from the fund by an external investor. The fund was consolidated on a line-by-line basis from 1 September 2015 until the end of the period, but prior to this, the Group's investment in the fund was designated as fair value through profit or loss. At the acquisition date, the fair value of the investment held in the fund equalled the Group's share of the fair value of the assets acquired. There were no other identifiable assets or liabilities recognised as a result of this acquisition and there was no gain or loss arising on the transaction.

The funds disposed of their TIPS holding during the period, there was no gain or loss arising on the transaction.

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.

	2016 £'000	2015 £'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.	79	76
Record Group Services Limited	578	341
Total capitalised investment in respect of share-based payments	**657**	417
Total investment in subsidiaries	**687**	447

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 2016

12. Investments continued

Investment in funds

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

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 throughout 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 2015 until 31 August 2015 during which period the Group did not consolidate the fund on a line-by-line basis. It regained control of the fund on 1 September 2015 and has consolidated it in full on a line-by-line basis since that date.

In May 2013, the Company invested in the Record Currency – Global Alpha Fund which changed its name to Record Currency – Strategy Development Fund in November 2015. The Group has controlled this fund since inception, which 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	2016 £'000	2015 £'000
Record Currency – FTSE FRB10 Index Fund	**1,060**	1,105
Record Currency – Emerging Market Currency Fund	**1,000**	1,028
Record Currency – Strategy Development Fund (formerly Global Alpha Fund)	**919**	959
	2,979	3,092

All three fund entities are sub-funds of the Record Umbrella Fund, an open-ended umbrella unit trust authorised in Ireland.

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.

	2016 £'000	2015 £'000
Profit and loss account movement arising during the year	**(30)**	(85)
Asset brought forward	**73**	158
Asset carried forward	**43**	73

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

	2016 £'000	2015 £'000
Deferred tax allowance on unvested share options	**10**	66
Shortfall of taxation allowances over depreciation on fixed assets	**33**	7
	43	73

At the year end the Group had deferred tax assets of £42,850 (2015: £72,518). At the year end there were share options not exercised with an intrinsic value for tax purposes of £47,742 (2015: £327,987). 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.

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

	2016 £'000	2015 £'000
Trade receivables	**4,027**	4,648
Accrued income	**1,055**	1,078
Other receivables	**25**	74
Prepayments	**588**	524
Total	**5,695**	6,324

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 2016. The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is £nil (2015: £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	2016 £'000	2015 £'000
Forward foreign exchange contracts held to hedge cash flow	**–**	8
Forward foreign exchange contracts held for trading	**106**	35
Foreign exchange options held for trading	**–**	576
Total	**106**	619

Derivative financial liabilities	2016 £'000	2015 £'000
Forward foreign exchange contracts held to hedge cash flow	**(108)**	–
Foreign exchange options held for trading	**–**	(680)
Total	**(108)**	(680)

Derivative financial instruments held to hedge cash flow

At 31 March 2016 there were outstanding contracts with a principal value of £5,996,550 (31 March 2015: £4,260,992) 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 2016. 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	2016 £'000	2015 £'000
Net loss on forward foreign exchange contracts at fair value through profit or loss	**(315)**	(92)

Notes to the financial statements continued

For the year ended 31 March 2016

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 – Strategy Development Fund may use a variety of instruments including forward foreign exchange contracts, options and futures in order to achieve a return.

All derivative financial instruments held by the Record Currency – Strategy Development Fund (formerly the 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 2015, and then again from 1 September 2015 when the fund was re-consolidated into the Group financial statements.

At 31 March 2016 there were outstanding contracts with a principal value of £14,621,185 (31 March 2015: £36,120,350).

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

Derivative financial instruments held for trading	2016 £'000	2015 £'000
Net loss on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	(178)	(232)

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

	Group		Company	
Assets managed as cash	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank deposits with maturities > 3 months	11,518	17,500	–	–
Treasury bills with maturity > 3 months	1,502	600	–	–
Money market instruments with maturities > 3 months	**13,020**	18,100	–	–
Cash	5,439	2,730	2	17
Bank deposits with maturities <= 3 months	16,281	9,280	–	–
Cash and cash equivalents	**21,720**	12,010	2	17
Total assets managed as cash	**34,740**	30,110	2	17

	Group		Company	
Cash and cash equivalents	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Cash and cash equivalents – sterling	16,641	10,525	2	17
Cash and cash equivalents – USD	1,941	818	–	–
Cash and cash equivalents – CHF	3,067	637	–	–
Cash and cash equivalents – other currencies	71	30	–	–
Total	**21,720**	12,010	2	17

The Group cash and cash equivalents balance incorporates the cash held by any fund deemed to be under control of Record plc (refer to note 12 for explanation of accounting treatment). As at 31 March 2016, the cash and cash equivalents held by the seed funds over which the Group had control totalled £5,380,007 (31 March 2015: £3,920,614) and the money market instruments with maturities > 3 months held by these funds were £1,502,326 (31 March 2015: £599,758).

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	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Trade payables	**171**	181	**–**	–
Amounts owed to Group undertaking	**–**	–	**11**	480
Other payables	**2**	1	**–**	1
Other tax and social security	**248**	312	**–**	–
Accruals	**1,951**	2,455	**–**	–
Total	**2,372**	2,949	**11**	481

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

Current tax liabilities

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Corporation tax	**776**	893	**–**	–

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.

	2016		2015	
	£'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 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
Adjustment for net purchases by EBT	1,094,186
Record plc shares held by EBT as at 31 March 2016	**4,942,248**

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.

Notes to the financial statements continued

For the year ended 31 March 2016

19. Share-based payments

During the year ended 31 March 2016 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 £631,252 (2015: £683,978). 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 £262,426 (2015: £273,155). 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 clawback provisions allowing for the repayment of profit share payments under certain circumstances including a material breach of contract, an error in performance of duties or a restatement of accounts which leads to a change in any prior award under the scheme.

Shares awarded under this scheme 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 flotation 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") 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 amended to allow Board Directors to participate in the grant of Unapproved Options and in 2016 was further amended to allow Board Directors to be granted Approved 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 4,402,249 shares were granted under the Share Scheme during the year (2015: 4,327,000), of which 3,197,500 were made subject to Unapproved Options and 1,204,749 to Approved Options (2015: 4,007,000 made subject to Unapproved Options and 320,000 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 1,800,000 Unapproved Options issued on 1 December 2015 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 1,325,000 Unapproved Options issued on 27 January 2016 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 877,249 Approved Options issued on 27 January 2016 each become exercisable on the fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 327,500 Approved Options issued on 27 January 2016 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 performance conditions have been satisfied.

The 72,500 Unapproved Options issued on 27 January 2016 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 performance conditions have been satisfied.

Options without market performance conditions are valued using the Black-Scholes method, options with market 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 £240,067 in the year ended 31 March 2016 (2015: £166,587).

Outstanding share options

At 31 March 2016, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 13,369,249 (2015: 9,910,750). 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 2015	Granted	Exercised	Lapsed/ forfeited	**At 31 March 2016**	Earliest vesting date	Latest vesting date[1]	Exercise price
08/08/11	150,000	—	(75,000)	—	**75,000**	08/08/13	08/08/15	£0.3225
02/12/11	600,000	—	(400,000)	—	**200,000**	02/12/15	02/12/15	£0.1440
18/12/12	1,490,000	—	—	(50,000)	**1,440,000**	18/12/16	18/12/16	£0.3098
18/12/12	153,750	—	(51,250)	—	**102,500**	18/12/13	18/12/16	£0.3098
27/09/13	480,000	—	—	—	**480,000**	27/09/17	27/09/17	£0.3085
27/09/13	1,310,000	—	(327,500)	—	**982,500**	27/09/14	27/09/17	£0.3085
18/11/13	1,400,000	—	—	—	**1,400,000**	18/11/16	18/11/18	£0.3000
26/11/14	2,160,000	—	—	—	**2,160,000**	26/11/17	26/11/19	£0.3586
24/03/15	320,000	—	—	—	**320,000**	24/03/19	24/03/19	£0.3450
24/03/15	1,847,000	—	—	—	**1,847,000**	24/03/16	24/03/19	£0.3450
01/12/15	—	1,800,000	—	—	**1,800,000**	01/12/18	01/12/20	£0.2888
27/01/16	—	327,500	—	—	**327,500**	27/01/19	27/01/21	£0.2450
27/01/16	—	72,500	—	—	**72,500**	27/01/19	27/01/21	£0.2450
27/01/16	—	877,249	—	(40,000)	**837,249**	27/01/20	27/01/20	£0.2450
27/01/16	—	1,325,000	—	—	**1,325,000**	27/01/17	27/01/20	£0.2450
Total options	9,910,750	4,402,249	(853,750)	(90,000)	**13,369,249**			
Weighted average exercise price of options	£0.32	£0.26	£0.23	£0.28	**£0.30**			

1 Under the terms of the deeds of grants, options are exercisable for a year following the vesting date.

During the year 853,750 options were exercised. The weighted average share price at date of exercise was £0.32. At 31 March 2016 a total of 1,115,500 options had vested and were exercisable.

Notes to the financial statements continued

For the year ended 31 March 2016

19. Share-based payments continued

(b) The Record plc Share Scheme continued

Outstanding share options continued

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

	Ordinary shares held as at	
	31 March 2016	31 March 2015
Record plc Group Profit Share Scheme (interest in restricted share awards)		
James Wood-Collins	**783,651**	753,377
Leslie Hill	**542,301**	294,528
Bob Noyen	**343,548**	303,378
Steve Cullen	**270,824**	146,220
Record plc Share Scheme (interest in unvested share options)		
James Wood-Collins	**2,580,000**	2,030,000
Leslie Hill	**1,180,000**	630,000
Bob Noyen	**1,180,000**	630,000
Steve Cullen	**895,000**	345,000

Performance measures

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

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

Approved Options issued to all other staff are subject to performance measures linked to the Group's total shareholder return ("TSR") and vest on the fourth anniversary of the date of grant, subject to these measures. At vesting date, a percentage of the total options granted may vest based upon Record's TSR performance versus the median TSR performance as measured against the FTSE 350 General Financial – Price Index. Options awarded subject to TSR performance conditions are valued using a risk-neutral Monte Carlo valuation. The performance target table is given below:

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

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

Clawback provisions

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

(c) The Record plc Share Incentive Plan

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

As an incentive to employees, the Group matches every two shares bought by employees with a free matching share. During the year, the Group awarded 49,223 free shares (2015: 40,192 free shares) to employees. The expense charged in respect of the SIP was £14,690 in the year ended 31 March 2016 (2015: £12,579).

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 own 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 2016.

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 – Strategic Development 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 – Strategic Development Fund was known previously as the Record Currency – Global Alpha Fund until it was renamed on 26 November 2015.

The Record Currency – FTSE FRB10 Index Fund was considered to be under control of the Group on 31 March 2016, but it was not under the control of the Group during the period from 28 February 2014 to 31 August 2015, when the amount of external investment meant that Record did not hold 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	2016	2015
Record Currency – Emerging Market Currency Fund		
Board Directors	**61%**	42%
Other investors	**17%**	30%
Total non-controlling interest	**78%**	72%
Record Currency – Strategy Development Fund (formerly Global Alpha Fund)		
Board Directors	**–**	54%
Other investors	**–**	1%
Total non-controlling interest	**–**	55%
Record Currency – FRB10 Index Fund		
Board Directors	**–**	n/a
Other investors	**29%**	n/a
Total non-controlling interest	**29%**	n/a

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

	2016 £'000	2015 £'000
Total assets	**4,668**	3,861
Total liabilities	**(85)**	(146)
Net assets	**4,583**	3,715
Equity attributable to owners of the parent	**1,000**	1,028
Non-controlling interests	**3,583**	2,687
Equity	**4,583**	3,715
Profit and total comprehensive income for the year attributable to owners of the parent	**(27)**	10
Profit and total comprehensive income for the year attributable to the non-controlling interest	**(76)**	194
Profit and total comprehensive income for the year	**(103)**	204
Cash inflow	**360**	313

Notes to the financial statements continued

For the year ended 31 March 2016

20. Non-controlling interest continued

Summarised financial information for Record Currency – Strategy Development Fund (formerly Global Alpha Fund), before intra-group eliminations, is set out below:

	2016 £'000	2015 £'000
Total assets	921	2,958
Total liabilities	(2)	(810)
Net assets	919	2,148
Equity attributable to owners of the parent	919	959
Non-controlling interests	—	1,189
Equity	919	2,148
Profit and total comprehensive income for the year attributable to owners of the parent	(66)	—
Profit and total comprehensive income for the year attributable to non-controlling interest	(88)	(2)
Profit and total comprehensive income for the year	(154)	(2)
Cash inflow	113	273

Summarised financial information for Record Currency — FTSE FRB10 Index Fund, before intra-group eliminations, is set out below:

	2016 £'000	2015 £'000
Total assets	1,520	n/a
Total liabilities	(24)	n/a
Net assets	1,496	n/a
Equity attributable to owners of the parent	1,060	n/a
Non-controlling interests	436	n/a
Equity	1,496	n/a
Profit and total comprehensive income for the year attributable to owners of the parent	(45)	n/a
Profit and total comprehensive income attributable to non-controlling interest since 1 September 2015	18	n/a
Profit and total comprehensive income for the year	(109)	n/a
Cash inflow	987	n/a

Mark to market value of external holding in seed funds consolidated into the accounts of the Record Group	2016 £'000	2015 £'000
Record Currency – Emerging Market Currency Fund	3,583	2,687
Record Currency – FTSE FRB10 Index Fund	436	n/a
Record Currency – Strategy Development Fund (formerly Global Alpha Fund)	—	1,189
	4,019	3,876

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 that the Company has a material exposure to credit risk. The Company's financial risk is managed as part of the Group financial risk management process and therefore separate disclosures for the Company have not been provided.

Credit risk

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

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

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

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

Financial assets at 31 March	2016 £'000	2015 £'000
Investment in Record Currency – FTSE FRB10 Index Fund	–	1,105
Securities (TIPS)	–	1,462
Trade receivables	4,027	4,648
Accrued income	1,055	1,078
Other receivables	25	74
Other financial assets at fair value through profit or loss	106	619
Money market instruments with maturities > 3 months	13,020	18,100
Cash and cash equivalents	21,720	12,010
	39,953	39,096

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 2016	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	4,027	3,912	115	–
Accrued income	1,055	1,055	–	–
	5,082	4,967	115	–
		98%	2%	0%

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%

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

Trade receivables are made up of 51 debtors' balances (2015: 44). The largest individual debtor corresponds to 15% of the total balance (2015: 17%). Debtor days, based on the generally accepted calculation of debtor days, is 70 days (2015: 82 days). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2016 2% of debt was overdue (2015: 0%). No debtors' balances have been renegotiated during the year or in the prior year.

Notes to the financial statements continued

For the year ended 31 March 2016

21. Financial risk management continued

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 14 days (2015: 15 days).

Contractual maturity analysis for financial liabilities:

At 31 March 2016	Carrying amount £'000	Due or due in less than 1 month £'000	Due between 1 and 3 months £'000	Due between 3 months and 1 year £'000
Trade payables	**171**	**107**	**14**	**50**
Accruals	**1,951**	**180**	**1,017**	**754**
Derivative financial liabilities	**108**	**38**	**70**	**—**

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 payables	181	117	14	50
Accruals	2,455	129	1,254	1,072
Derivative financial liabilities	680	70	344	266

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 2016	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Trade receivables	—	—	4,027	4,027
Accrued income	—	—	1,055	1,055
Other receivables	—	—	25	25
Derivative financial assets at fair value through profit or loss	—	—	106	106
Money market instruments with maturities > 3 months	13,020	—	—	13,020
Cash and cash equivalents	16,281	5,439	—	21,720
Total financial assets	**29,301**	**5,439**	**5,213**	**39,953**
Financial liabilities				
Trade payables	—	—	(171)	(171)
Accruals	—	—	(1,951)	(1,951)
Derivative financial liabilities at fair value through profit or loss	—	—	(108)	(108)
Total financial liabilities	**—**	**—**	**(2,230)**	**(2,230)**

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 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)

Foreign currency risk

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

The Group is exposed to foreign currency risk on sales and cash holdings that are denominated in a currency other than sterling, and also on assets and liabilities held by the Record Currency – Strategy Development Fund (formerly 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 2016, the Group invoiced the following amounts in currencies other than sterling:

	Local currency value '000	Value in reporting currency £'000
Swiss franc (CHF)	13,546	9,286
US dollar (USD)	9,389	6,234
Euro (EUR)	1,084	808
Canadian dollar (CAD)	660	334
Singapore dollar (SGD)	39	19
		16,681

The value of revenues for the year ended 31 March 2016 that were denominated in currencies other than sterling was £16.7m (31 March 2015: £15.2m).

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

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

Of the cash denominated in currencies other than sterling (refer to note 16), only the cash holdings of the Record Currency – Strategy Development Fund (totalling £919,479) 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 – Strategy Development Fund, which are consolidated into the Group financial statements. The impact of the valuation of the net assets of this seed fund is incorporated into the analysis of sensitivity to the sterling/US dollar rate overleaf.

Notes to the financial statements continued

For the year ended 31 March 2016

21. Financial risk management continued

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.

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
10% weakening in the £/$ exchange rate	**653**	588	**653**	588
10% strengthening in the £/$ exchange rate	**(653)**	(588)	**(653)**	(588)
10% weakening in the £/CHF exchange rate	**583**	505	**583**	505
10% strengthening in the £/CHF exchange rate	**(583)**	(505)	**(583)**	(505)

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 $1.51/£ this would result in a weakened exchange rate of $1.37/£ and a strengthened exchange rate of $1.67/£.

Sterling/Swiss franc exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the average sterling/CHF exchange rate of CHF1.46/£ this would result in a weakened exchange rate of CHF1.33/£ and a strengthened exchange rate of CHF1.62/£.

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

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 2016 were £4,583,029 (2015: £3,714,107).

The Group is not materially exposed to any of the 19 Emerging Market currencies traded in its portfolio, but the Group has considered sensitivity to Emerging Market currencies as a group in the following table:

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
10% depreciation in the Emerging Market portfolio	**(412)**	(324)	**(412)**	(324)
10% appreciation in the Emerging Market portfolio	**412**	324	**412**	324

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.

The proportion of the impact of the charge attributable to the owners of the parent and to the non-controlling interest is dependent on their respective holdings in the fund (see note 20 for further detail on relative holdings at year end).

Other market risk – sensitivity analysis

FRB10 Index Fund

The Group seeded a product in December 2010 called the Record Currency – FRB10 Index Fund, which manages a portfolio of forward exchange contracts in order to achieve a return following the FTSE FRB10 index.

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 2016 were £1,496,189 (2015: £45,446,584).

The FTSE FRB10 index represents the return from the Forward Rate Bias strategy which can be derived from ten of the world's largest currencies (by turnover). The Group has provided the following data in respect of sensitivity to the FTSE FRB10 index:

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
10% depreciation in the FRB10 index	**(146)**	(107)	**(146)**	(107)
10% appreciation in the FRB10 index	**146**	107	**146**	107

The impact of a change to the FTSE FRB10 index of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and expectations for future movement.

The proportion of the impact of the charge attributable to the owners of the parent and to the non-controlling interest is dependent on their respective holdings in the fund (see note 20 for further detail on relative holdings at year end).

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:

	2016 £'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	106	—	106	—
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(108)	—	(108)	—
Total	**(2)**	**—**	**(2)**	**—**

	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)	—
Total	2,506	2,567	(61)	—

There have been no transfers between levels in the reporting period (2015: 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.

Notes to the financial statements continued

For the year ended 31 March 2016

22. Fair value measurement continued

Categories of financial instrument

At 31 March 2016	Note	Loans and receivables £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
Trade and other receivables (excludes prepayments)	14	5,107	–	–	–
Money market instruments with maturities > 3 months	16	13,020	–	–	–
Cash and cash equivalents	16	21,720	–	–	–
Derivative financial assets at fair value through profit or loss	15	–	–	106	–
Current trade payables	17	–	(171)	–	–
Accruals	17	–	(1,951)	–	–
Derivative financial liabilities at fair value through profit or loss	15	–	–	–	(108)
Total		**39,847**	**(2,122)**	**106**	**(108)**

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 payables	17	–	(181)	–	–
Accruals	17	–	(2,455)	–	–
Derivative financial liabilities at fair value through profit or loss	15	–	–	–	(680)
Total		35,910	(2,636)	3,186	(680)

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 ten year lease on premises at Morgan House, Madeira Walk, Windsor, at an annual commitment of £229,710 per annum and which expires on 19 June 2016.

On 16 March 2016, the Group signed a three year lease on premises in New York City, at an average annual commitment of £87,500 per annum. Prior to this, the Group held a lease on offices based in Atlanta, Georgia at an average annual commitment of £21,300 which ceases on 31 July 2016.

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

At 31 March 2016 the Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	2016 £'000	2015 £'000
Not later than one year	**143**	230
Later than one year and not later than five years	**177**	57
	320	287

On 20 May 2016, a lease extension was signed allowing the business to remain in its current offices from 20 June 2016, for a maximum of nine months to 20 March 2017. Simultaneously, an agreement for lease was signed on alternative space in the same building, subject to the completion of refurbishment works, allowing the business to remain in the same building until September 2022. Once works are complete and the new offices are fully occupied, the annual commitment will increase to approximately £480,000 per annum subject to final confirmation of net internal area.

24. Cash flow from operating activities

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

Group

	2016 £'000	2015 £'000
Operating profit	**6,790**	7,536
Adjustments for non-cash movements:		
Depreciation of property, plant and equipment	**77**	85
Amortisation of intangible assets	**244**	230
Release of shares previously held by EBT	**374**	308
Share-based payments	**388**	167
Other non-cash movements	**(282)**	(137)
	7,591	8,189
Changes in working capital		
Decrease/(increase) in receivables	**610**	(672)
(Decrease)/increase in payables	**(600)**	243
Decrease/(increase) in other financial assets	**1,182**	(421)
(Decrease)/increase in other financial liabilities	**(1,664)**	558
Cash inflow from operating activities	**7,119**	7,897
Corporation taxes paid	**(1,610)**	(1,562)
Net cash inflow from operating activities	**5,509**	6,335

Company

	2016 £'000	2015 £'000
Operating loss	**(114)**	(3)
Adjustment for:		
Loss on investments	**113**	5
Changes in working capital		
Decrease in receivables	**—**	146
(Decrease)/increase in payables	**(470)**	29
Cash (outflow)/inflow from operating activities	**(471)**	177
Corporation taxes paid	**—**	—
Net cash (outflow)/inflow from operating activities	**(471)**	177

25. 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.

	2016 £'000	2015 £'000
Amounts due from subsidiaries	**—**	—
Amounts due to subsidiaries	**(11)**	(480)
Interest received from subsidiaries on intercompany loan balances	**—**	1
Net dividends received from subsidiaries	**4,205**	3,070

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 (2015: £nil). No expense has been recognised during the period in respect of bad or doubtful debts due from related parties.

Notes to the financial statements continued

For the year ended 31 March 2016

25. Related parties transactions continued

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

	2016 £'000	2015 £'000
Short-term employee benefits	**3,894**	3,568
Post-employment benefits	**280**	229
Share-based payments	**989**	940
Total	**5,163**	4,737

The dividends paid to key management personnel in the year ended 31 March 2016 totalled £1,963,285 (2015: £1,677,173)

Directors' remuneration

	2016 £'000	2015 £'000
Emoluments (excluding pension contribution)	**2,326**	2,254
Pension contribution (including payments made in lieu)	**150**	137
Aggregate emoluments of the Directors	**2,476**	2,391

During the year, three Directors of the Company (2015: four) participated in the Group Personal Pension Plan, a defined contribution scheme.

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 – Strategy Development Fund (formerly 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 has been a related party since the Record plc holding became a majority interest as a result of a divestment of an external investment from the fund. There were no transactions between the Company and these funds during the year.

During the year five key management personnel adjusted their seed investment in the funds, as set out below.

Related party	Trade date	Type	Value	Fund
N. Record	15/04/15	Redemption	GBP 473,474	Record Currency – FTSE FRB10 Index Fund
L. Hill	27/08/15	Redemption	USD 898,530	Record Currency – Global Alpha Fund
B. Noyen	08/10/15	Redemption	USD 687,113	Record Currency – Global Alpha Fund
B. Noyen	16/10/15	Subscription	USD 250,000	Record Currency – Emerging Market Currency Fund
Other key management personnel	08/10/15	Redemption	USD 38,487	Record Currency – Global Alpha Fund

26. 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:

	2016 £m	2015 £m
Regulatory capital	**8.5**	8.8
Other operating capital	**23.2**	20.5
Operating capital	**31.7**	29.3
Seed capital	**3.0**	3.1
Total capital	**34.7**	32.4

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.

27. Ultimate controlling party

As at 31 March 2016 the Company had no ultimate controlling party, nor at 31 March 2015.

28. 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	2012 £'000	2013 £'000	2014 £'000	2015 £'000	**2016 £'000**
Management fees	20,436	18,061	20,271	20,255	**20,941**
Performance fees	—	—	—	480	**315**
Other revenue	99	491	(349)	322	**(122)**
Revenue	20,535	18,552	19,922	21,057	**21,134**
Cost of sales	(252)	(221)	(86)	(148)	**(221)**
Gross profit	20,283	18,331	19,836	20,909	**20,913**
Operating expenses	(13,729)	(12,411)	(13,412)	(13,373)	**(14,123)**
Operating profit	6,554	5,920	6,424	7,536	**6,790**
Net interest	155	158	113	146	**143**
Profit before taxation	6,709	6,078	6,537	7,682	**6,933**
Taxation	(1,803)	(1,450)	(1,494)	(1,708)	**(1,523)**
Profit after taxation	4,906	4,628	5,043	5,974	**5,410**
Total comprehensive income for the year attributable to owners of the parent	4,913	4,334	5,407	5,782	**5,541**
Basic EPS (pence)	2.23	1.98	2.48	2.66	**2.55**

Information for shareholders

Record plc
Record plc is a public limited company incorporated in the UK
Registered in England and Wales
Company No. 1927640

Registered office
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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

Both principal UK trading subsidiaries are based in Windsor.
Further information on Record plc can be found on the Group's website: www.recordcm.com

Dates for 2016 dividend

Ex-dividend date	30 June 2016
Record date	1 July 2016
Annual General Meeting	28 July 2016
Final dividend payment date	3 August 2016

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

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

Definitions

'Admission'	Admission to the Official List and to trading on the London Stock Exchange's main market for listed securities
'AIFMD'	Alternative Investment Fund Managers Directive
'Articles'	The articles of association of the Company
'AUME'	Assets under management equivalents
'Board'	The Company's Board of Directors
'bps'	Basis point = 100th of a per cent
'Companies Act'	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
'EMIR'	European Market Infrastructure Regulation
'EPS'	Earnings per share
'EU'	European Union
'FRB'	Forward Rate Bias
'GPS'	Group Profit Share
'Group' or 'Record'	The Company and/or any one of its subsidiary undertakings
'IAS'	International Accounting Standards
'ICAAP'	Internal Capital Adequacy Assessment Process
'IFRS' or 'IFRSs'	International Financial Reporting Standards
'IPO'	Initial Public Offering
'KPI'	Key Performance Indicator
'KRI'	Key Risk Indicator
'London Stock Exchange'	London Stock Exchange plc
'MIFID'	Markets in Financial Instruments Directive
'Official List'	The official list of the Financial Conduct Authority
'TIPS'	US government treasury inflation protected securities
'US'	United States of America

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