Intelligent currency management

Record plc

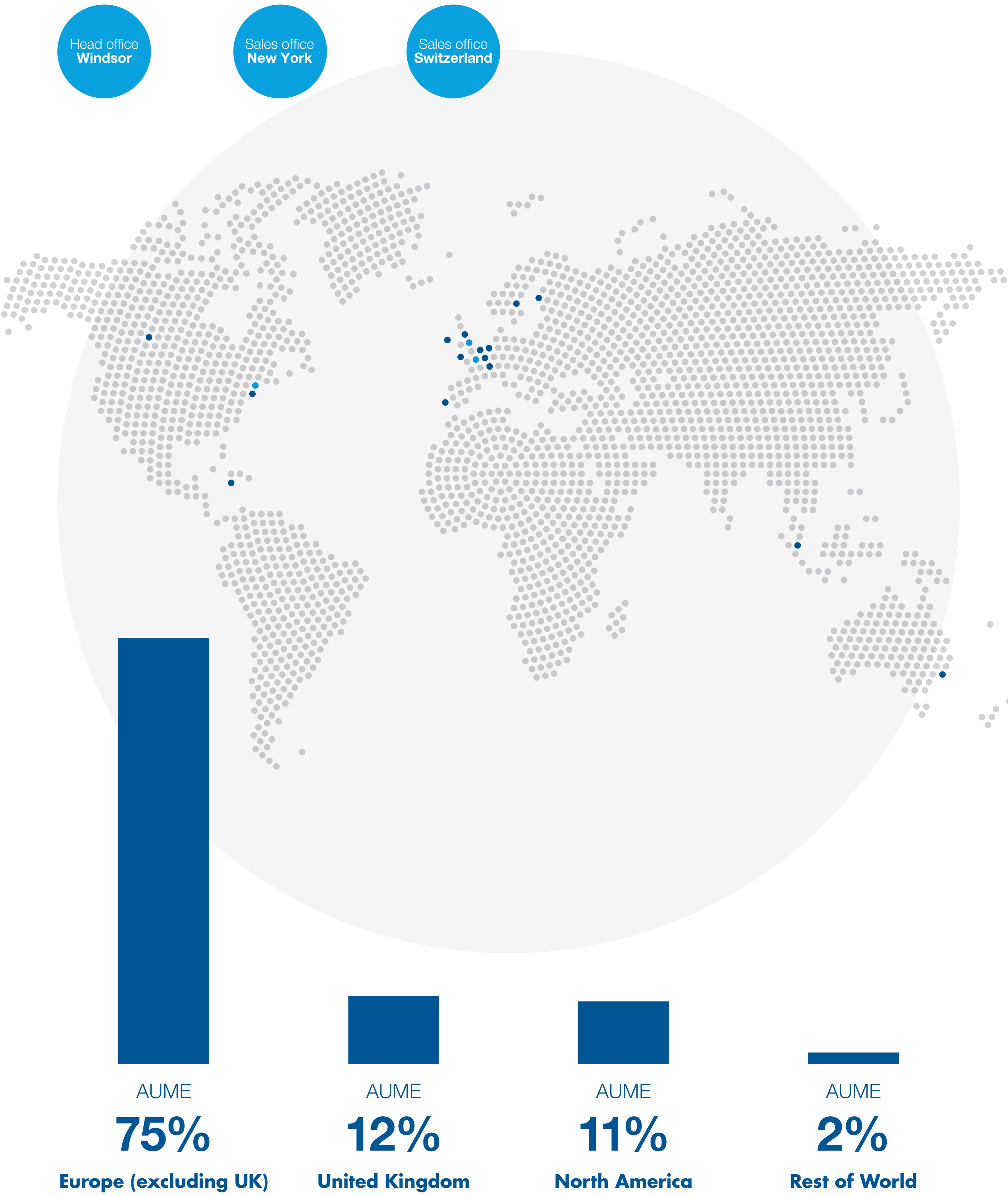
Annual Report 2019

WHERE WE OPERATE

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

The Group's Head Office is in Windsor, UK from where all of its operations are performed and controlled. The Group also has offices in New York, and in Zürich, Switzerland.

In addition to these main markets, we continue to explore new geographical markets which we believe may offer attractive opportunities.



UK
$6.7bn AUME
Head office: Windsor

North America
$6.2bn AUME
Sales office: New York

Continental Europe
$43.1bn AUME
Sales office: Zürich, Switzerland

Rest of World
$1.3bn AUME

Regions
Our clients are located in:

- Australia
- Canada
- Cayman Islands
- Channel Islands
- Finland
- Germany
- Ireland
- Luxembourg
- Netherlands
- Portugal
- Singapore
- Sweden
- Switzerland
- United Kingdom
- United States

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WHERE WE OPERATE

ABOUT US

Record is an independent currency manager with more than 35 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.

Our head office is in Windsor, in the UK, and has been since our formation in 1983. Record has always been an independent currency specialist, and has 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 has a premium listing on the Main Market of the London Stock Exchange, and is majority-owned by its Directors and employees.

Core values

Diligence | **Transparency** | **Accountability** | **Probity**

A client-focused approach

- Building strong, long-term "trusted adviser" relationships with our clients
- Understanding clients' currency issues fully
- Developing robust and effective solutions, tailored for our clients' currency requirements

A culture of integrity

- Independent specialist currency manager
- No proprietary business
- Strong focus on risk management

Strengths developed through 36 years of experience

- Fundamental understanding of how currency markets operate
- Leading position in managing currency for institutional clients
- Collaborative approach between distribution, investment, operational and support functions built into infrastructure to deliver responsive client service

Specialists in currency management

Key fact

The Group, founded over 35 years ago, has a leading position in managing currency for institutional clients.

Strategic report

HIGHLIGHTS

Assets Under Management Equivalents[1] ("AUME")

$57.3bn

2018: $62.2bn

-8%

Earnings per share

3.27p

2018: 3.03p

+8%

Revenue

£25.0m

2018: £23.8m

+5%

Ordinary dividend per share

2.30p

2018: 2.30p

+0%

Profit before tax

£8.0m

2018: £7.3m

+9%

Special dividend per share

0.69p

2018: 0.50p

+38%

1. As a currency manager Record manages only the impact of foreign exchange and not the underlying assets, therefore its "assets under management" are notional rather than real. To distinguish this from the AUM of conventional asset managers, Record uses the concept of Assets Under Management Equivalents ("AUME") and by convention this is quoted in US dollars. Further details of how Record calculates AUME are included on page 112.

Strategic report

CHAIRMAN'S STATEMENT

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

Neil Record
Chairman

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

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

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

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

Further information on AUME flows and financial results can be found on pages 23 to 29.

Group strategy

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

Our strategy focuses on three core areas for delivery: our client experience, innovation and talent development. Further detail on the strategic objectives and how we performed against these can be found under "Strategy and Objectives" on pages 8 to 13.

Capital and dividend

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

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

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

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

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

The Board

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

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

Outlook

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

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

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

Neil Record
Chairman

12 June 2019

Strategic report

CHIEF EXECUTIVE OFFICER'S STATEMENT

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

James Wood-Collins
Chief Executive Officer

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

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

Market overview

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

Further information on foreign exchange markets over the period is provided on pages 20 and 21.

Investment performance

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

Further detail on our product range is provided on pages 16 and 17, and product performance data is provided on pages 22 and 23.

Asset flows and financial performance

AUME decreased by 8% in US dollar terms over the financial year to $57.3 billion, and decreased by 1% in sterling terms to £44.0 billion. Net outflows of $4.5 billion in the year were largely driven by Passive Hedging outflows of $4.6 billion, with net inflows in Currency for Return balanced by net outflows in Dynamic Hedging. Detailed analysis of AUME is provided on pages 23 to 25.

The 5% total decline in management fees of £1.2 million was more than offset by performance fees of £2.3 million, resulting in an increase in revenue of 5% to £25.0 million. The Group's operating margin improved from 31% to 32%, and profit before tax increased by 9% to £8.0 million. Basic earnings per share of 3.27 pence represented an 8% increase on the prior financial year. The Financial review on pages 26 to 29 gives additional commentary.

Strategic progress

Our strategic progress can be grouped under three headings, as set out on page 8.

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

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

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

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

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

We will be changing how we implement our Group Profit Share scheme for the year ended 31 March 2020 so as to better balance rewarding individual contribution as well as firm-wide performance, as described in more detail on page 53. As a result there may be more variability in the current and future financial periods in the total cost of the Group Profit Share scheme within the established range of 25% to 35% of operating profits.

Outlook

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

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

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

James Wood-Collins

Chief Executive Officer

12 June 2019

Strategic report

STRATEGY AND OBJECTIVES

Strategic goals

We are a specialist currency manager

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.

Strategic objectives

- To build strong, long-term "trusted adviser" relationships with our clients
- To devise and implement new products and strategies
- To enhance existing products and strategies
- To operate a robust, scalable and profitable business model
- To attract, develop and retain a diverse pool of high-quality people

Strategy

The presentation of Record's strategy section has been updated significantly in this report. In last year's report, the Group presented its strategic goals, and then discussed objectives and progress in six strategic areas. Whilst the Group's strategy has not changed, it now presents the same goals and objectives, but discusses its progress within three strategic areas, in order to articulate its strategy more clearly.

Performance measurement

We use both financial and non-financial key performance indicators ("KPIs") to monitor the performance of the Group. KPIs which link to a specific strategic area are presented on pages 9 to 11, and those which relate to Record's overarching strategic goals and objectives are presented on pages 12 to 13.

The three key strategic areas are outlined below, whilst further detail on the associated risks is provided on pages 30 to 33.

1 Quality client experience

page 9

We provide the highest levels of service to our clients through proactive relationships, informing clients on currency markets and opportunities, seeking to understand their currency issues and tailoring our products to meet their individual requirements.

Measured by – client numbers, AUME, revenue and client longevity

Risks: People and employment, regulatory change, investment and operational

2 Innovation

page 10

We differentiate Record from our competitors and reinforce our thought leadership through devising and implementing innovative solutions to meet unique client requirements.

Measured by – number of strategies and products

Risks: People and employment, regulatory strategy and operational

3 Talent development

page 11

We aim to develop and retain a diverse pool of talent which is key to delivery of a "best in class" business model and to the long-term stability of the business.

Measured by – employee numbers, employee retention, employee participation in equity

Risks: Strategic, people and employment, investment and operational

1

Quality client experience

We provide the highest levels of service to our clients through proactive relationships informing clients about currency markets and opportunities, seeking to understand their currency issues and tailoring our products to meet their individual requirements.

Initiatives

- Improve local presence in key markets outside of the UK.
- Focus on opportunities for existing clients to benefit from product enhancements and complementary services alongside current product range.
- Review opportunities for enhancing best execution delivery for clients.

Progress

- Expansion of US local presence by addition of experienced local hire, and transfers from head office in the UK.
- Transfer of some Passive Hedging clients across to more bespoke enhanced Passive Hedging mandates.
- Extending licensing agreement with WisdomTree.
- New Change FX appointed to provide independent data and enhance best execution and price transparency.

Priorities

- Continue to invest in processes and resources to improve the service to clients and the overall client experience.

Clients

Client numbers

Client numbers represent the number of separate legal entities that have appointed Record directly as an investment manager or invested in a Record fund.

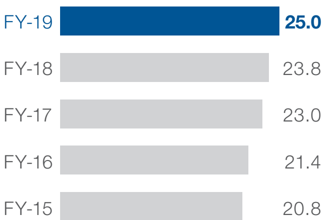
AUME

AUME ($ billion)

As a currency manager, Record manages only the impact of foreign exchange and not the underlying assets of its clients, therefore its AUM (Assets Under Management) are notional. To distinguish this from the AUM of conventional asset managers, Record uses the concept of Assets Under Management Equivalents ("AUME") and by convention this is quoted in US dollars.

Revenue

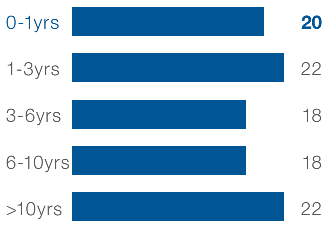
Revenue (£m)



Revenue is earned mainly from the provision of currency management services in the form of management fees and performance fees.

Client longevity

Client longevity (%)



Client longevity measures how long Record has been providing currency management services to each client with a mandate active at 31 March 2019.

Strategic report

STRATEGY AND OBJECTIVES CONTINUED

2

Innovation

We differentiate Record from our competitors and reinforce our thought leadership through devising and implementing innovative solutions to meet unique client requirements.

We constantly review our operational model to identify opportunities for process improvement and risk reduction.

Initiatives

- Investigate opportunities for improving diversification and performance in Multi-Strategy products.
- Investigate opportunities for incorporating ESG factors into currency-related investment strategies.
- Diversify Record's products and services through investment in new and innovative ideas.

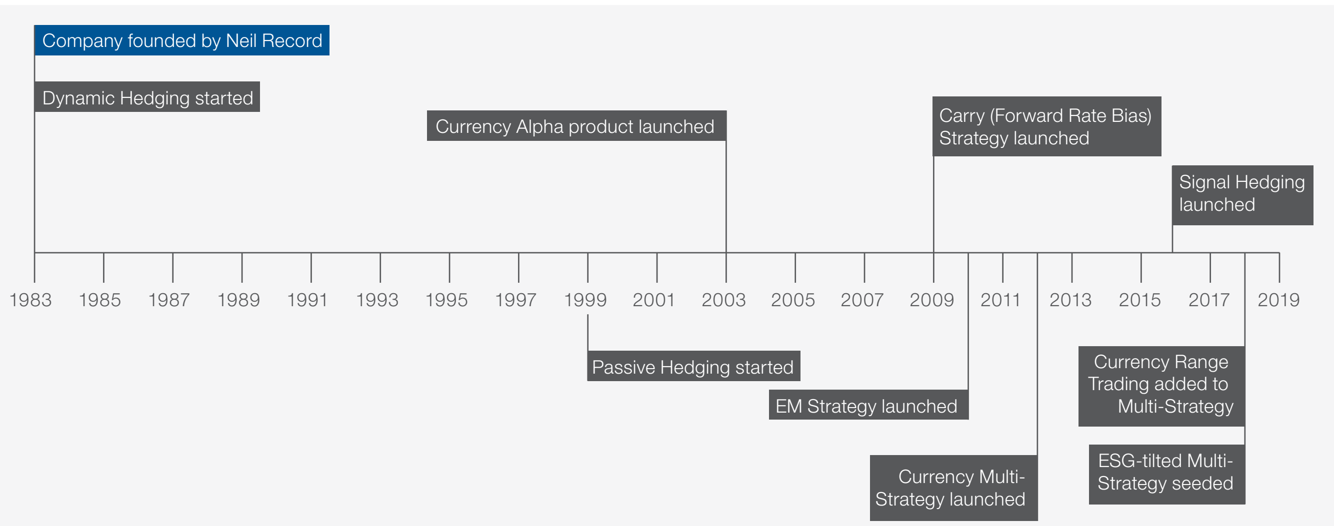
Progress

- New Range Trading strand developed and added to Multi-Strategy product.
- Developed and seeded new Multi-Strategy factor incorporating ESG tilt.
- Co-investment into new start-up company (Trade Record Ltd) offering a diversified business opportunity.

Priorities

- Identify more opportunities for incorporating technological solutions to streamline business processes.
- Continued investment in research to enhance existing products and services and to identify new product opportunities.

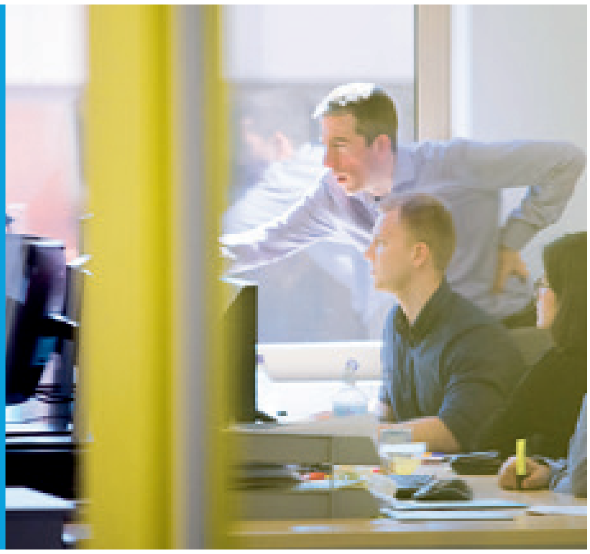
Product development timeline



3

Talent development

We aim to develop and retain a diverse pool of talent which is key to delivery of a "best in class" business model and to the long-term stability of our business.



Initiatives

- Providing a collaborative office environment which enables early-career employees to benefit from working alongside senior colleagues.
- Increasing our pool of high potential, early to mid-career colleagues to develop within Record's business as part of succession planning.
- Investing in improving the physical and mental wellbeing of our colleagues.
- Promoting innovation through alignment with variable remuneration.

Progress

- Investment in technology to enhance communication channels between Group entities and retain close working links with colleagues based in non-UK offices.
- Graduate and early to mid-stage career recruitment all brought in-house, enabling more efficient processes and strengthening ties with several leading universities in the UK and Switzerland.
- Invested in third party employee survey to measure employee satisfaction and identify areas for improvement.
- Enhancement of employee wellbeing through introduction of professional assistance with mental health issues.
- Changes to the implementation of the Group Profit Share scheme to encourage and recognise the importance of individual contribution and ideas.

Priorities

- To continue to invest in the development, retention, wellbeing and diversity of our talented employees.

Average number of employees

The average number of employees through the year includes non-executive directors.

Average number of employees

FY-19	**85**
FY-18	81
FY-17	73
FY-16	69
FY-15	68

Staff retention

Staff retention is the number of employees who were employed by Record throughout the period as a percentage of the number of employees at the beginning of the period.

Staff retention (%)

FY-19	**84**
FY-18	93
FY-17	83
FY-16	88
FY-15	89

Employees with equity interest

The percentage of employees who own shares in Record plc at year end.

Employees with equity interest (%)

FY-19	**70**
FY-18	72
FY-17	68
FY-16	69
FY-15	76

Measuring our performance against our strategy.

The Board and Executive Committee use both financial and non-financial key performance indicators ("KPIs") to monitor the performance of the Group. KPIs which link to a specific strategy are presented on pages 9 to 11, and those which relate to Record's over-arching strategic goals and objectives are presented below.

Indicator:

Average management fee rates

The Group aims to provide a premium level of service and expertise in exchange for a fair level of remuneration.

Operating profit margin

Operating profit margin is an alternative performance measure, calculated by dividing operating profit by revenue.

The Group aims to increase operating profit margin over the long term through investing in resources to maintain its premium products and services whilst building profitable and diversified 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.

Dividends per share

The Group's objective is to pay a progressive ordinary dividend and return surplus capital to shareholders in the form of special dividends.

How we performed this year:

- Fee rates across the product range were broadly maintained for hedging products. However, fee rates achieved for return-seeking products fell during the year.

- Operating profit margin increased to 32% for the year. Further information can be found under the Financial review section on page 28.

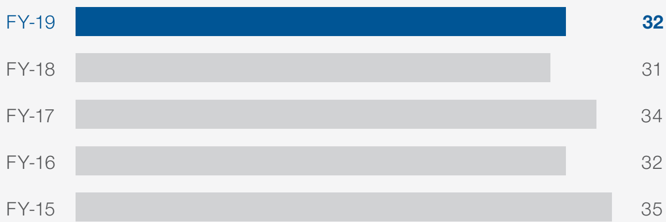
- Basic EPS increased by 8% for the year in line with increases in revenues and operating profit.

- The ordinary dividend per share is unchanged on last year. The special dividend per share has increased by 0.19 pence resulting in a 7% increase in total dividends to 2.99 pence per share (2018: 2.80 pence per share).

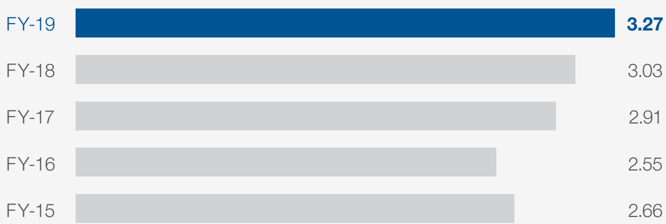
Performance history:

Further information on fee rates can be found in the Financial review section on page 27.

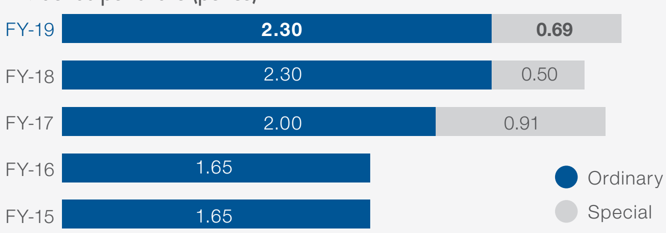
Operating profit margin (%)



EPS (pence per share)



Dividends per share (pence)



Our business model depends on our relationships and resources.

Relationships and resources

Our clients

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

Our experience

We are a specialist currency manager with over 35 years' experience – we have a fundamental understanding of how currency markets operate, which we have used to develop a leading position in managing currency for institutional clients.

Our people

We view our ability to attract, retain and motivate highly-talented staff as key to organisational stability and long-term success.

Our recruitment process is carefully structured to ensure that talented people with the right skills and experience are recruited into the Group.

Our infrastructure

Our operational infrastructure is built around how we service our clients and ensures a collaborative approach across all sections of the business.

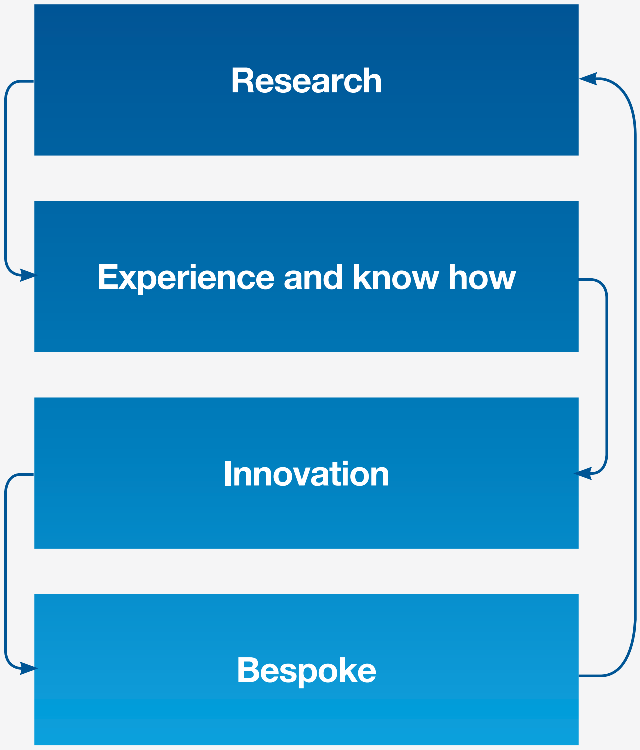
All of our investment, operational and support functions are based centrally at the Head Office in Windsor, UK and provide services to the Group as a whole.

Our financial resources

The business maintains a robust balance sheet and strong capital position. Positive cash generation allows us to reinvest for growth in the business and to drive shareholder value and returns.

What we do

Our investment process



We seek to identify and understand persistent patterns that exist within currency markets. These patterns are rooted in macroeconomic cycles, global risk management activity, as well as structural and behavioural features of investment activity.

By understanding these patterns whether they be market inefficiencies or risk premia, we can develop both risk mitigation and value-adding strategies.

We develop robust systematic processes, with macro- and market-informed portfolio positioning and intelligent risk management oversight, which offer the best chance to achieve investor objectives once implemented within our rigorous operational environment.

We continually test the underlying assumptions that support our investment beliefs and practices. This constant cycle of challenging and reviewing our investment philosophies drives product enhancement and new product development.

Independence and transparency

We act as an independent agent for each of our clients under an investment management agreement. Being independent from any banks or brokerage firms, we remain unconflicted and fully able to act in our clients' best interests and to fulfil our fiduciary obligations. Everything we do is for our clients – our only source of revenue is from client fees. We are never our clients' counterparty and therefore make no money from spreads.

Operational risk management

We assume full operational risk on behalf of our clients – our infrastructure, systems and processes are designed to mitigate and minimise the operational risk associated with managing clients' currency mandates.

Our distribution process

- Our products are delivered both through segregated mandates and pooled fund structures to suit individual client requirements.
- We distribute through both direct sales to institutional clients, and through local and global investment consultants.
- We build long-term relationships with investment consultants and help develop their understanding of our products and services.

What we deliver

Our products

Bespoke solutions – we operate 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.

Currency funds – our Currency for Return strategies are also delivered through a pooled fund structure.

Premium client service

Superior service 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 adviser" 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.

Rewarding careers

At Record we have created an environment which encourages bright, dynamic and committed individuals to flourish. Being a small business everyone has the opportunity to make a significant contribution to the Company. We are able to provide excellent career prospects and the opportunity to work closely with senior and experienced people.

Thought leadership

Over the last 35 years Record has developed a leading position in its sector. Our knowledge of the currency market is sustained by our research and results in innovative products and continued process enhancement.

Shareholder value

We aim to operate an effective and efficient capital policy, and to deliver business growth and maximise shareholder returns over the long term. The Group's dividend policy is progressive and aims to return any excess of future earnings over ordinary dividends and additional capital requirements to shareholders, potentially in the form of special dividends.

Find out more about our products on pages 16 and 17.

Strategic report

BUSINESS MODEL CONTINUED

Our products

The Group's suite of core products is split into two main categories: Currency Hedging and Currency for Return products.

Currency Hedging

AUME **$51.3bn**

Record's primary risk management products are the hedging products and are predominantly systematic in nature. Record has the experience and expertise to deliver tailored hedging programmes to suit the individual currency needs of our clients.

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 growing our market share further.

Passive Hedging: AUME **$48.2bn**

Passive Hedging mandates have the cost-effective reduction of exposure to currency risk as their sole objective by the symmetrical and unbiased elimination of currency volatility from clients' international portfolios.

Core Passive Hedging

The core Passive Hedging product requires execution and operational expertise to a greater extent than investment judgement, and provides the following benefits to clients:

- Independent, best execution
- Custom benchmarks
- Optimised exposure capture
- Netting benefits
- Regulatory reporting
- Management of cash flows

Enhanced Passive Hedging

The enhanced Passive Hedging product offers the same benefits and requires the same level of execution and operational expertise as the core product, but recognises the opportunities presented for adding value by taking advantage of structural inefficiencies and behavioural changes arising in FX markets. It requires continuous monitoring, and investment judgement and skill to identify the opportunities and then to take advantage of them in a structured and risk-managed way.

Currency for Return

AUME **$2.7bn**

Record's Currency for Return strategies have the generation of investment return as their principal objective.

The range includes five principal strategies being Carry, Emerging Market, Momentum, Value and Range Trading and these strategies can be offered in either a segregated or pooled fund structure.

Record can combine these strategies in different weightings that appeal to particular market segments under the Multi-Strategy approach.

Currency for Return:

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

Carry

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 Carry strategy aims to exploit this observation and generate returns by buying selected developed market higher interest rate currencies and selling selected lower interest rate currencies.

Emerging Market ("EM") currency

EM 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 EM currencies offers the benefit of real exchange rate appreciation as well as offering higher positive real yields. This currency appreciation has been a significant contributor of returns to (developed market) holders of EM assets including equities and bonds.

We also offer bespoke solutions tailored to individual client requirements.

Dynamic Hedging: AUME $3.1bn

Record's Dynamic Hedging product is an attractive alternative to Passive Hedging and has the reduction of exposure to currency risk as its 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.

Other risk management products:
Currency audit; Fiduciary execution; Signal hedging

sources of return in the currency market. 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.

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 good predictors of the long-term direction of spot movements. Currency Value strategies exploit this insight, buying currencies that are undervalued relative to PPP and selling currencies that appear overvalued.

Range Trading
The tendency for certain currency pairs to trade within narrow ranges is exploited by our Range Trading strategy.

Multi-product AUME $3.0bn

Multi-product mandates typically have combined risk-reducing and return-seeking objectives, and are bespoke in nature. These may include a hedging mandate overlaid with selected elements of the Currency for Return product, which cannot readily be separated into its hedging and return-seeking components for reporting purposes.

Cash and other AUME $0.3bn

Record also provides ancillary services including cash and liquidity management, collateral management and derivatives overlays.

Strategic report

BUSINESS MODEL CONTINUED

One of Record's medium to long-term aims is to develop currency as an asset class in its own right. The FTSE Currency FRB10 Index was launched in 2010, closely followed by the launch and seeding of Record's pooled fund, the Record Currency – FTSE FRB10 Index Fund to track the index.

Other products

Record has a licensing agreement with WisdomTree, the New York-headquartered exchange-traded fund and exchange-traded product sponsor and asset manager. Under the licensing agreement, Record provides signals that are used to dynamically hedge currency exposures within WisdomTree's rules-based index family. During the year, we extended our relationship under licence with WisdomTree to provide currency signals for use in connection with a new range of models-based active exchange-traded funds, which include Record's first framework for hedging emerging market currencies.

We are optimistic that our relationship with WisdomTree will allow both dynamic and emerging market 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 included under the licences held by WisdomTree, assets under management in these funds do not contribute to Record's AUME. Record reports revenues arising from these licensing agreements under "Other currency services income".

Information on product investment performance is given in the Operating review section (pages 22 and 23).

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. The sales and marketing team is split between the offices in the UK, US and Switzerland, and a centralised team that provides comprehensive technical and administrative support to the sales offices operates from the headquarters based in the UK. Record's aim over recent years has been to increase our local presence in our core non-UK markets. To this end, last year we opened our Swiss office based in Zürich, and this year strengthened our local presence in the US market by increasing headcount through the recruitment of one experienced hire and by the transfer of two mid-career employees from our UK headquarters.

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 both with clients and investment consultants we can identify new business opportunities as the currency landscape continues to change and evolve.

Our market

The currency market represents the biggest and most liquid market available with exceptionally low transaction costs and daily FX volumes averaging $5.1 trillion per day (source: BIS Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives Markets 2016). 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 can best be exploited by a combination of systematic and discretionary processes.

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

Further information is given in the market review section of the Business review starting on pages 20 and 21.

Our people

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

Recruitment

The recruitment process is carefully structured and run predominantly in-house to ensure that talented people with the right skills and experience are recruited into the Group. As part of this, the Group runs a successful internship programme, which gives the Group the opportunity to benefit from talented individuals who are in the early stages of their career and identified as potentially having the necessary skills required to add value to the business in future. The process continues with a comprehensive induction programme for all new joiners to allow them to adapt to the specialist environment within Record.

The Group has continued to recruit selectively throughout the year in order to maintain a flexible, scalable platform for future growth. Continued investment in resources to underpin product enhancements and sustain our ability to innovate has resulted in a marginal increase in headcount during the year. The number of employees (including Directors) in the Group at 31 March 2019 was 84 (2018: 83).

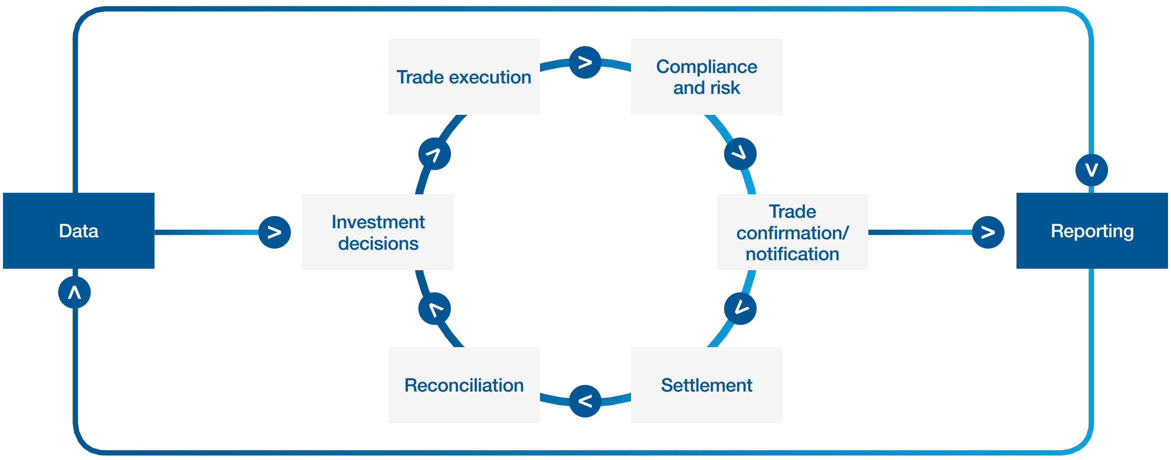
Staff retention, motivation and development

We invest heavily in our people, offering opportunities and support for them to grow their knowledge, skills and capabilities. 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 Record plc 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 2019, the proportion of employee shareholders stood at 70% (2018: 72%). Furthermore, the business ensures that wider factors, such as market trends in pay, are monitored closely to ensure risks to staff retention are limited as far as possible.

The physical office environment and how this affects both the productivity and wellbeing of our employees is also considered crucial to the attraction, retention and motivation of our staff. Consequently, we provide a collaborative office environment incorporating space designed around the wellbeing of employees, and utilising modern communication technology throughout the business and Group.

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. To this end, our teams are deliberately organised by function, rather than product. As such, all teams are involved (to a greater or lesser extent) in the day-to-day management or support of each client mandate. We maintain a purpose-built and fully integrated end-to-end operational process to allow for scalable and customisable implementation of our products. Teams take a collaborative approach to ensuring that each stage of implementation, from data capture through to client reporting, is seamlessly carried out with a client-centric focus.



Strategic report

MARKET REVIEW

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

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

Monetary policy and interest rates

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

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

Emerging Markets ("EM")

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

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

FX basis developments

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

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

Volatility, liquidity and market structure

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

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

Brexit

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

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

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

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

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

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

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

Regulation

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

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

Strategic report

OPERATING REVIEW

Product investment performance

Hedging

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

Passive Hedging

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

	Return for year to 31 March 2019	Return since inception[1]
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark	**0.05%**	0.12% p.a.

1. Since inception in October 2014.

Dynamic Hedging

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

Currency for Return

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

FRB

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

Emerging Market currency

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

Currency Multi-Strategy

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

Fund name	Scaling	**Return for 12 months to 31 March 2019 %**	Return since inception % p.a.	Volatility since inception % p.a.
FTSE FRB10 Index Fund[1]	1.8	**4.20%**	1.77%	6.88%
Emerging Market Currency Fund[2]	1	**(0.31%)**	1.29%	6.34%
Currency Multi-Strategy Fund[3]	4.5-5	**(3.90%)**	(3.20%)	9.30%

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. Record Currency Multi-Strategy Fund return data is since inception in February 2018, GBP base.

Index/composite returns	**Return for 12 months to 31 March 2019 %**	Return since inception % p.a.	Volatility since inception % p.a.
FTSE Currency FRB10 GBP Excess return[1]	**2.10%**	2.22%	4.53%
Record Multi-Strategy composite[2]	**(1.20%)**	1.28%	2.73%

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

Scaling

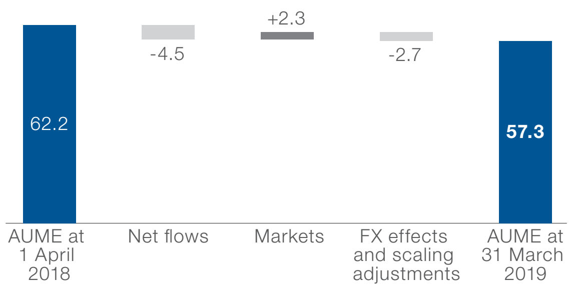
The Currency for Return product group allows clients to select the level of exposure they desire in their currency programmes. The segregated mandates allow clients to select the level of scaling and/or the volatility target. The pooled funds have historically offered clients a range of scaling and target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

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

AUME development

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

AUME development bridge – year to 31 March 2019 ($bn)



Strategic report

OPERATING REVIEW CONTINUED

AUME movements

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

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

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

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

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

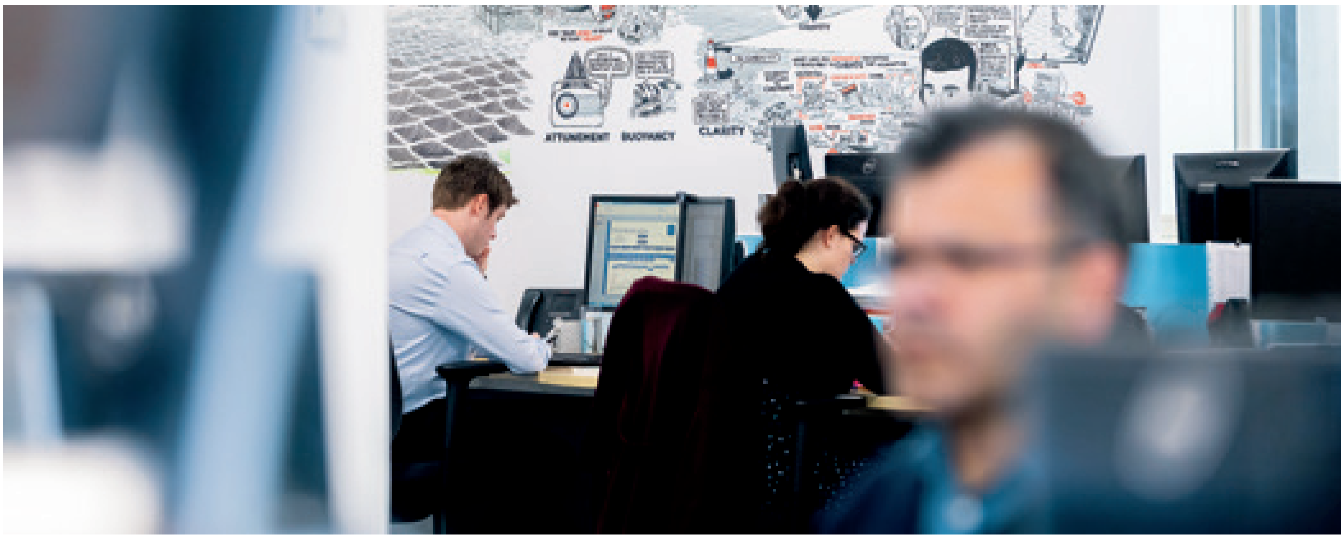
Market performance

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

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

AUME composition by underlying asset class as at 31 March 2019

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



Forex

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

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

AUME composition by base currency

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

Product mix

AUME composition by product

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

Aggregate Hedging AUME represented 89% of the total AUME, down slightly on the prior year (2018: 92%). Currency for Return AUME increased as a proportion of total AUME with inflows of +$0.9 billion, representing 5% of total AUME at year end (2018: 3%). Multi-product AUME remained unchanged on last year.

Client numbers

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

Strategic report
FINANCIAL REVIEW

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

Steve Cullen
Chief Financial Officer

Overview

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

Profit and loss (£m)

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

Revenue

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

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

As shown under AUME development on page 23, average levels of AUME, and hence management fees, decreased over the year predominantly as a result of net outflows of $4.5 billion more than offsetting underlying increases in mandates due to market growth (+$2.3 billion). In addition, some enhanced Passive Hedging clients chose to move from management fee only to a lower management fee with a performance related fee during the year.

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

Revenue analysis (£m)

	Year ended 31 Mar 2019	Year ended 31 Mar 2018
Management fees		
Passive Hedging	**11.6**	12.6
Dynamic Hedging	**4.6**	5.1
Currency for Return	**1.8**	1.8
Multi-product	**4.3**	4.0
Total management fees	**22.3**	23.5
Performance fees	**2.3**	—
Other currency services income	**0.4**	0.3
Total revenue	**25.0**	23.8

Management fees

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

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

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

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

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

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

Further information on the scaling of Currency for Return mandates is given in the operating review on page 23.

Performance fees

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

Other currency services income

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

Expenditure

Operating expenditure

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

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

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

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

Strategic report

FINANCIAL REVIEW CONTINUED

Expenditure continued

Group Profit Share ("GPS") Scheme

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

Further information on variable remuneration, and specifically the changes to the operation of the Group Profit Share scheme from 1 April 2019 can be found in the Remuneration report starting on page 53.

Operating profit and margin

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

Cash flow

The Group consolidated statement of cash flows is shown on page 79 of the financial statements.

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

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

Dividends

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

As disclosed in the Chairman's statement on page 5, the Board is recommending a final ordinary dividend of 1.15 pence per share, equivalent to £2.3 million, taking the overall ordinary dividend for the financial year to 2.30 pence per share. Simultaneously, the Board is also paying a special dividend of 0.69 pence per share (equivalent to £1.3 million), making the total dividends paid for the year of £5.9 million equivalent to 91% of total earnings of 3.27 pence per share.

The total ordinary and special dividends paid in respect of the prior year ended 31 March 2018, were 2.30 pence per share, and 0.50 pence per share respectively, equivalent to total dividends of £5.5 million and representing 92% of total earnings of 3.03 pence per share.

Financial stability and capital management

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

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

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

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

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

Regulatory capital resources (£m)

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

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

Viability statement

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

The Directors review the financial forecasts and position of the Group on an ongoing basis. The capital and dividend policy reflects the stated objectives of maintaining a strong balance sheet whilst allowing the Group the flexibility to adapt its products and services to market conditions, or to take advantage of emerging business opportunities. The Group's strategy and principal risks are assessed and reviewed regularly by the Board, as well as by the Executive Committee and operational sub-committees within the Group. Further detail on the Group's strategy and principal risks is given in the Strategic report on pages 8 and 30 respectively.

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

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

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

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

As discussed in more detail in the Business review on page 21, the Directors expect to be able to continue to serve all current EU27 clients irrespective of whether and how the UK eventually leaves the European Union (Brexit). For this reason the Directors consider the level of risk posed by Brexit to the continued operation and viability of the business to be significantly lower than the principal risks noted on pages 30 to 33 of the Strategic report, and the scenarios modelled through the ICAAP.

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

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.

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

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 an integrated approach and a strong risk management culture is embedded throughout the Group, with 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.

Risk management framework

Risk appetite

As part of its responsibility for the oversight of the risk management process, the Board determines the risk appetite of the business. This defines the risk tolerances within which the business must operate in order to achieve its strategic and business objectives, and takes into account the interests of clients, employees and shareholders as well as any capital or any other regulatory requirements. The Board's ICAAP (Internal Capital Adequacy Assessment Process) considers the risk appetite statement and the process used for the monitoring of key risks against defined thresholds to ensure adverse trends or levels of heightened risk are identified and appropriately escalated for action if required.

During the year, an initiative to review Record's risk management framework was conducted by management with the support of the Audit and Risk Committee. The focus of the review was the improvement of the risk monitoring and reporting processes, including the articulation of Record's residual risks measured versus its risk appetite. Further information can be found in the Audit and Risk Committee report on page 50.

The Board reviews and considers the principal risks, and its risk appetite and tolerances on a regular and ongoing basis in light of strategic plans, and changes in the business and regulatory environment. The Board currently considers the following categories of risk as appropriate for determination of the risk appetite of the Group:

Capital adequacy risk

Capital adequacy risk is the risk that the Group is unable to support its strategic business objectives due to its minimum regulatory capital restrictions. The Group has a capital and dividend policy, which seeks to ensure that capital retained is broadly equivalent to one year's worth of estimated future overheads (excluding variable remuneration), in addition to capital assessed as required for regulatory purposes, for working capital purposes and for investing in new opportunities for the business. This policy ensures a significant capital buffer over regulatory requirements, and consequently capital adequacy risk is not considered a significant risk in terms of the principal risks discussed further on pages 32 and 33.

Conduct risk

The business is also exposed to more wide-ranging risks being conduct risk and reputational risk. Conduct risk is defined as the risk of causing detriment to a client or damaging the integrity of the market because of poor systems or processes, or inappropriate judgement by staff in execution of the Group's business. The conduct of our staff and the strength of our internal control systems and processes are fundamental to the effective operation of the Group's risk management framework. The conduct risk is therefore evident and managed within each individual category of risk, and when combined equates to the overall conduct risk of the Group. Consequently, conduct risk is not considered as a separate risk category within the Principal risks section on pages 32 and 33.

Reputational risk

Reputational risk is the risk of loss or adverse impact arising from an unfavourable perception of the Group on behalf of clients, counterparties, employees, regulators, shareholders or other stakeholders. Reputational risk can manifest as a consequence of an occurrence of any of the Group's principal risks, either in isolation or together with other risks, and is therefore considered to form an integral part of each of the Group's principal risks. For this reason, reputational risk is not considered as a separate risk category within the Principal risks section on pages 32 and 33.

The remaining principal risk categories are listed below and further detail is given on pages 32 and 33:

- Strategic risk
- Business risk
- Market risk
- Operational risk
- Investment risk

Oversight

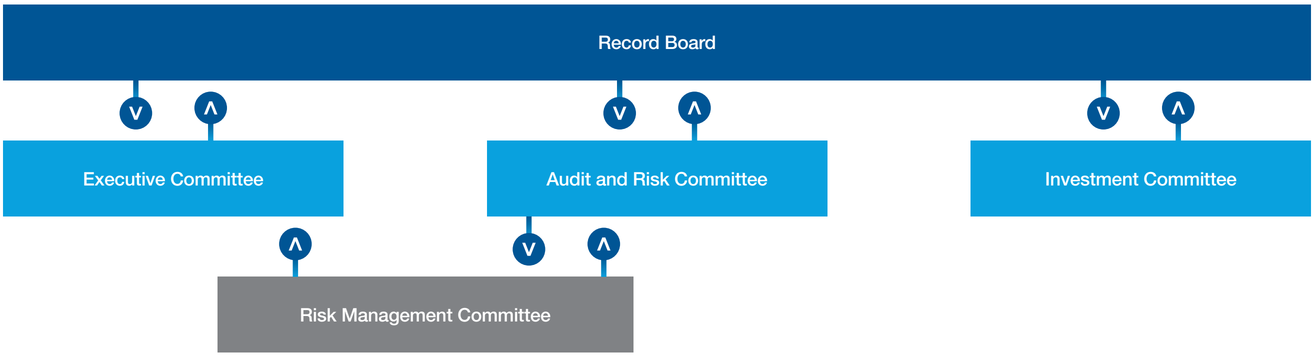
Oversight of the risk management framework is governed by various committees as delegated by the Board.

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 the Client Team, the Head of Portfolio Management and the Head of Investment Strategy. Investment Committee approval is required prior to implementation of any new or amended investment process or product.

Risk management framework – overview



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 Chief Technology Officer, 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.

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, as delegated by the Board.

External independent assurance activity (independent assurance – PwC)	
Statutory external audit	ISAE 3402 and AT-C320 service auditor's report on internal controls

Embedded culture of integrity and accountability		
1st line of defence:	2nd line of defence:	3rd line of defence:
Business operations and support	Control and oversight functions	Internal audit (independent assurance – Deloitte)

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 Front Office Risk Management, 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 and oversight for the Board and the Audit and Risk Committee. 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. Internal audit is provided by Deloitte LLP ("Deloitte").

External independent assurance for shareholders is gained through the statutory annual external audit process run by PricewaterhouseCoopers LLP ("PwC"), the Group's external auditor. The Group also commissions the external auditor to perform the annual service auditor's report in respect of Record Currency Management Limited under both the International Standard on Assurance Engagement ("ISAE") 3402 and the American Institute of Certified Public Accountants Attestation Standard AT-C Section 320 ("AT-C 320"). In performing this work, PwC reports its opinion on the description of internal controls with respect to the investment management and information technology activities, the suitability of the design of the relevant controls, and the operating effectiveness of specific controls for the period 1 April to 31 March, in line with the Group's financial year.

The Group considers the strong capital buffer retained under the capital and dividend policy provides an effective additional line of defence in terms of mitigation when considering its principal risks.

Principal risks

The following section shows the Board's assessment of the principal risks faced by the business alongside an explanation of how these risks have been managed or mitigated, and how the significance of the risk has changed during the year. These risks fall into a number of distinct categories and the means to mitigate them are both diverse and relevant to the nature of the risk concerned.

Strategic report

RISK MANAGEMENT CONTINUED

Strategic risk

The risk of failing to identify and implement the correct strategy would impact expected outcomes, earnings and profitability of the Group. This risk is influenced by internal and external factors.

Risk	Rating	Change	Mitigating activities
Failure to deliver strategy – risk of failure to achieve strategic objectives through internal or external factors. **Potential impact** – reduced short-term profitability, and growth prospects and viability limited longer-term.	Medium		The Board sets strategy and is responsible for ensuring the Group has the right structure, leadership and culture to execute. Regular and ongoing review of strategic options, opportunities and threats.
Margin compression – the risk of a lower fee environment due to changes in investor demand or competitive pricing pressures, and/or rising costs within the industry arising from regulatory requirements and/or technological advances. **Potential impact** – reduced fee rates and/or increased costs lead to decreased margins and lower returns for shareholders.	Medium		Bespoke solutions and added-value to differentiate products within the market. Focus on offering premium service differentiates Record from competition and builds long-standing and "trusted adviser" relationships. Continued investment into resources and technology to ensure effective and cost-efficient processes.

Business risk

The risk of the business being unable to generate fee income and to control costs in line with business plans. This risk is influenced by internal and external factors.

Risk	Rating	Change	Mitigating activities
Concentration risk – the risk of concentration either by product, client type or geographical location leading to over-reliance on any one category of revenue. **Potential impact** – Record's products are all currency management based. A move away from currency by its core client base or a high-value client, or a change in Swiss regulation could result in material outflows and loss of revenue.	Medium		Diversification of investment capabilities across risk-reducing and risk-taking products. Commitment to client services excellence and transparent investment process is integral to retention. Building long-term and close trusted adviser relationships with clients assists with retention even in the event of regulatory change.
People and employment risk – the inability to attract or retain key employees could impact the Group's ability to support business activities or achieve strategic objectives. **Potential impact** – not supporting business activities or achieving the strategic objectives of the Group would lead to a material negative impact on corporate performance.	Medium		Continued investment in resources to broaden capabilities in research, investment and client servicing. Promotion of collegiate and professional culture and office environment plus career opportunities in the form of study support and overseas secondments. Remuneration policy and share-based remuneration schemes promote key personnel retention. Minimal reliance on key investment personnel and products managed on a predominantly systematic process.
Regulatory change – the risk of failure by the Group to comply with the introduction of new regulation or changes to existing regulation. **Potential impact** – ability to do business may be affected resulting in loss of revenue or regulatory censure.	Low	↓	Experienced Board and senior management engage proactively with industry bodies and have a transparent and open relationship with regulators. Investment in expertise, systems and training to ensure robust compliance culture maintained across the business.
Market liquidity risk – the risk of reduced or constrained market liquidity affecting Record's investment process, which relies on trading a high turnover of client positions in both size and volume. **Potential impact** – a reduction in market liquidity or the non-functioning of financial markets could affect Record's ability to meet its contractual obligations to clients, resulting in outflows and reductions to revenue.	Low		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, despite disruptive market "shock" events such as the result of the EU referendum in June 2016.

Operational risk

Operational risks are broad in nature and inherent in all activities and processes performed across the business, and all other 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.

Risk	Rating	Change	Mitigating activities
Technology and information security risk – the risk of failure of the Group's technology and support systems, or penetration of such systems by third parties. **Potential impact** – consequential loss of data, or the significant disruption to, or prevention of the Group's ability to operate, which could cause negative financial and reputational consequences.	Medium		Comprehensive disaster recovery ("DR") and business contingency plans are in place and tested on a regular basis. Information technology policies and technical standards are deployed across the Group, including induction and regular security awareness training. Cyber risk is continuously monitored within the business and included in the ongoing risk assessment process performed across the Group, including internal audit. Cyber-related metrics are monitored, reported and reviewed in monthly management information and Board information packs.
Operational control environment – the risk of errors in execution and process management, dealing, portfolio implementation, settlement, managing bespoke requirements and reporting and the risk of non-compliance including monitoring of investment breaches. **Potential impact** – such errors or non-compliance would potentially lead to negative financial and reputational consequences.	Low		Dedicated and experienced portfolio management team oversees the investment process. Dedicated and independent Front Office Risk Management team provides pre- and post-trade compliance assurances. Compliance and Risk department oversees adherence to formal and established procedures via a structured monitoring programme, reporting directly to the Risk Management Committee. Automated post-trade compliance tests monitor whether programmes are running in line with expectations and allow timely resolution. Internal audit function reports independently to the Audit and Risk Committee, reviewing higher-risk operational areas. Annual ISAE 3402 and AT-C 320 service auditor's report on internal controls independently reviewed and tested by PwC.

Investment risk

The risk that long-term investment performance is not delivered, damaging prospects for winning and retaining clients, and putting management fee rates under pressure.

Risk	Rating	Change	Mitigating activities
Product underperformance – the risk that long-term investment performance is not delivered. **Potential impact** – damages prospects for winning and retaining clients, minimises revenues through reduced management and performance fees and may cause reputational damage.	High		Experienced Investment Committee meets regularly ensuring consistent core investment processes are applied. Dedicated currency management research and investment focus. 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. Remuneration policy links senior management's remuneration to long-term performance of the Group.

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 has historically been built around three key areas i.e. Community, Workplace and Environment. During the year we have started to incorporate environmental, social and governance ("ESG") issues into some of our currency management products. This has resulted in Record becoming one of the first currency managers to have been accepted as a signatory to the Principles for Responsible Investment (as announced in June 2018) and the development of our first return-seeking strategy incorporating ESG factors.

Responsible investment

As part of our drive to incorporate ESG factors into active currency products, Record has worked in collaboration with Oxford-based researchers to extend the boundaries of ESG beyond its existing base in equities and bonds, to encompass the currency markets.

Our experience of existing investment strategies takes into account the links between currency returns and productivity gains, so we have focused on those ESG factors most clearly related to economic productivity. As there is more ESG variability between the emerging markets ("EM") economies than the developed ones, our first ESG process has been designed to tilt the EM currency strand of the Multi-Strategy product.

Our process applies insights on the relationship between productivity and exchange rates to a database of country-specific ESG data. The result is a range of currency-relevant ESG factors related to the United Nations Sustainable Development Goals. These factors (for example education, child mortality, improved water sources and enforcement of legal contracts) are used to construct an ESG metric which tilts the Multi-Strategy currency portfolio in a pro-ESG manner. Record has seeded this strategy and will offer it to clients in due course.

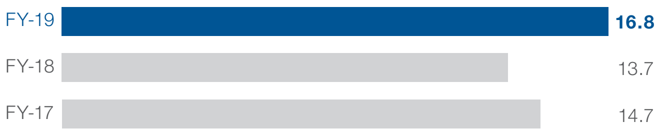
Record is keen to collaborate with external parties including clients who might wish to apply the methodology to reflect their own specific ESG views, and with research institutes. Record will continue to develop the database as more material becomes available, in particular from developing countries.

Community

Over the course of the year, the Group made charitable donations totalling £16,839. 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 charity lunches and fundraising competitions. During the year a scheme allowing UK employees to give to charity through the payroll was implemented.

Charitable donations (£'000)



Human rights

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

Workplace

Record's working environment is designed to encourage bright, dynamic and committed individuals to 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.

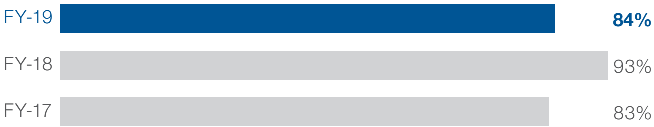
The Group's UK offices have been designed to allow all departments to work together in an open plan environment. The open plan office allows ease of communication between departments, as well as enabling staff to work closely with senior management. The New York and Zürich offices follow similar principles, taking into account the smaller numbers of staff.

The office environments and culture promote staff development and training. 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. The Board has established a staff-run welfare committee which organises team-building and other social events enhancing interaction between different departments within the business.

In addition, the Group has improved its maternity and shared parental benefits during the year, and continues to provide a number of other 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 has an established internship programme for students and during the year we welcomed interns from Oxford University, Imperial College of London, ETH Zürich, and University of Warwick.

Staff retention (%)



Equal opportunities and diversity

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

The Group ensures that all staff are aware that it is not acceptable to discriminate, harass or victimise anyone, and also that it is unlawful and that such behaviour will not be tolerated under any circumstance.

The Group believes that valuing what is unique about individuals and drawing on their different perspectives and experience will add value to the way the Group does business. By accessing, recruiting and developing talent from a diverse pool of candidates, the Group can gain an insight into different markets and better support client needs. The Group aims to create a productive environment, representative of different cultures and groups, where everyone has an equal chance to succeed.

The gender diversity within the Group is shown below:

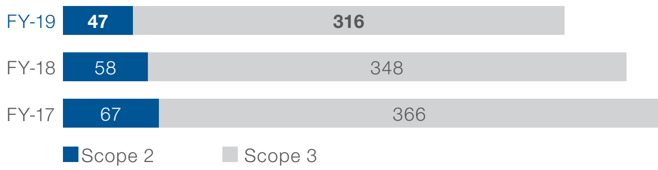
As at 31 March 2019	Female		Male	
Board Directors	3	38%	5	62%
Senior management	3	17%	15	83%
Other staff	24	41%	34	59%
All employees	**30**	**36%**	**54**	**64%**

Environment

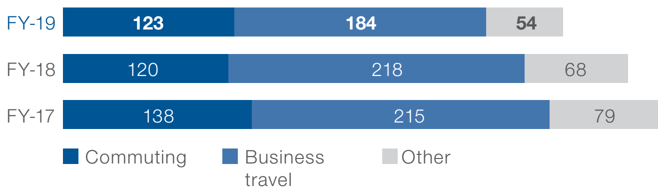
The Group seeks to minimise its carbon footprint through recognising the environmental impact of its activities, reducing that impact through responsible procurement of goods and services, and offsetting its remaining carbon emissions. The Group first assessed its carbon footprint in July 2006, and has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

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 87% of emissions (2018: 86%).

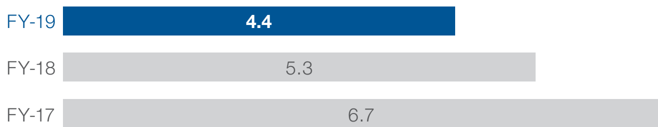
Gross CO_2 emissions (Tonnes)



Gross CO_2 emissions by activity (Tonnes)



Gross CO_2 emissions per head (Tonnes)



The Company's Strategic report is set out on pages from IFC to 35 of the Annual Report, and is comprised of the Introduction, Strategy and Business review, Risk management and Corporate Social Responsibility 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 12 June 2019 and signed on its behalf by:

James Wood-Collins
Chief Executive Officer

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

Corporate governance

Compliance statement

The Company complied with the provisions of the UK Corporate Governance Code published in April 2016, which applied throughout the financial year ended 31 March 2019.

Governance
CHAIRMAN'S INTRODUCTION

I am pleased to introduce our corporate governance report in which we describe the governance arrangements in place, the operation of the Board and its Committees and how the Board has discharged its responsibilities during the year.

I can confirm that the Board has continued to work closely with the Group's highly experienced management team to maintain its strong governance framework which effectively supports Record's operational teams in delivering a high-quality range of products and services. As a Board we have always believed that the long-term growth and success of the Record Group is driven by our focus on culture, setting the tone from the top and establishing robust corporate governance practices.

I am confident that the Group's current governance arrangements are both appropriate and highly effective and that going forward the Group will continue to embrace regulatory, governance and best practice changes in its drive to best serve its stakeholders – clients, shareholders, employees, suppliers, regulators and wider society.

I would like to thank all my colleagues on the Board and our senior management team for their continued commitment, enthusiasm and contribution during the year.

Neil Record
Chairman

12 June 2019

Board overview
The Board is responsible for the stewardship of the Company. Further information on the corporate governance framework is provided on pages 40 to 43.

Governance

BOARD OF DIRECTORS

The Board continues to work hard to uphold Record's values of diligence, transparency, accountability and probity, and to sustain them within the Group's culture.

Neil Record
Chairman (N)

Neil 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.

As founder of the business Neil remains integral to the development of Record's products and the direction of business strategy. As chairman he is a strong figurehead, well-known and well-respected within the field of currency management and as such is an asset to the Board.

James Wood-Collins
Chief Executive Officer

James 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.

James's extensive experience of the corporate finance sector means he is well placed to be influential in driving the strategy of the business forward. With over 10 years' service at Record he has thorough knowledge of the business and its operational processes, allowing him to take an active role in both Board activities and the day-to-day leadership of the business.

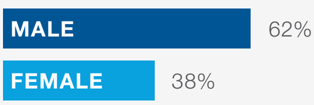
Jane Tufnell
Senior Independent Director (A) (N)* (R)

Jane was appointed as a Non-executive Director in September 2015. Jane co-founded the investment management firm Ruffer in 1994, and served on its management board until her retirement in June 2014. She is the senior independent director of The Diverse Income Trust plc, chair of Odyssean Investment Trust plc, and is an independent non-executive director of both JPMorgan Claverhouse Investment Trust plc and ICG Enterprise Trust plc.

Jane has a wealth of investment management expertise and her experience as a non-executive director on other boards means she is well placed to bring valuable market experience and good business insight to the Board in order to drive the business forward. Jane's experience on other boards also positions her well to serve as Senior Independent Director.

(A) Audit and Risk Committee
(N) Nomination Committee
(R) Remuneration Committee
* Chair

Gender diversity
As at year end and as at the date of report



Board tenure
As at year end

Steve Cullen

Chief Financial Officer

Steve qualified as a Chartered Accountant in 1994 and gained 15 years of audit experience within public practice. He joined Record in October 2003, and led Record's Finance team for over nine years reporting directly to the Chief Financial Officer, 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. Steve was appointed to the Board and made Chief Financial Officer in March 2013.

With his FCA qualification and over 30 years' experience, including over 15 years within financial services, Steve brings considerable accounting, financial and risk management expertise to the Board.

Rosemary Hilary

Non-executive Director A* N R

Rosemary was appointed as a Non-executive Director in June 2016. She was previously Chief Audit Officer of TSB Bank, and has held senior regulatory roles within the Bank of England, the FSA and then the FCA. She is also a non-executive director of Willis, the global broker, Vitality Life and Vitality Health. She is also a member of the MBA Advisory Board at Cass Business School.

Rosemary is a qualified accountant with expertise in governance, business risk and control, and has strong knowledge of the asset management, insurance and banking sectors. She provides support and challenge to Record's management, and in doing so helps the Board maintain its strong governance framework.

Tim Edwards

Non-executive Director A N R*

Tim Edwards is a biotech entrepreneur, who is currently chair of both Karus Therapeutics Limited and Storm Therapeutics Limited, and a director of Ervaxx Limited. Previously, he was a member of the governing Board of InnovateUK, the UK's innovation agency, a director of the Cell and Gene Therapy Catapult and Chair of the UK BioIndustry Association. He was appointed as a non-executive director of Record on 21 March 2018.

Tim is a Chartered Accountant with a background in corporate finance and venture investing, and he has extensive corporate development and people management experience. Tim adds insight to Board discussions ensuring that the Board continues to focus on mid- to long-term value development.

Leslie Hill

Head of Client Team

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

Having worked at Record for 27 years Leslie has a deep understanding of Record's products and the needs of clients. As Head of the Client Team she drives the client-focused culture of the business and is instrumental in maintaining existing and developing new client relationships, as well as developing and mentoring her team. She is therefore very well-placed to provide a client perspective during Board discussions.

Bob Noyen

Chief Investment Officer

Bob joined Record in 1999 with responsibility for Investment and Research. He chairs Record's Investment Committee and the Investment Management Group. He previously worked as Assistant Treasurer for Minorco (part of Anglo American plc).

Bob has extensive knowledge of currency and other markets and he plays a key role in the development of Record's products, ensuring products evolve to meet the ever-changing needs of clients. Bob therefore brings a product focus to Board deliberations. He is also closely involved in some of Record's most significant client relationships.

Governance

CORPORATE GOVERNANCE REPORT

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 April 2016 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. Copies of the Code can be obtained from the FRC's website at www.frc.org.uk. 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 through the year ended 31 March 2019, except in particular limited circumstances where the provisions apply specifically to FTSE 350 companies:

- the Board does not comprise a majority of independent non-executive directors on an ongoing basis (B.1.2.);
- the annual Board performance evaluation is not externally facilitated (B.6.2.); and
- Directors have not been re-appointed on an annual basis (B.7.2.), although they will all stand for reappointment at the 2019 AGM, and on an annual basis thereafter.

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. The Board is satisfied that these decisions are in the best interests of the business and are not detrimental to the high standards of corporate governance it has established for the Group.

The departures from the Code are fully explained in the following narrative.

The latest version of the UK Corporate Governance Code was published in July 2018 and the new Code applies to accounting periods beginning on or after 1 January 2019. The new Code will apply to Record with effect from 1 April 2019, and going forward Record will adopt the principles set out in the latest Code as deemed appropriate given the size and structure of the business.

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 structured manner and to respond rapidly when issues arise.

The diagram on page 37 gives an overview of the Group's core governance framework.

Further details of these committees are provided below.

The Board of Directors

Board responsibilities

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

- determining the Group's long-term strategy and objectives;
- authorising significant capital expenditure;
- approving the Group's annual and interim reports and preliminary announcements;
- the setting of interim and special dividends and recommendation of final dividend payments;
- ensuring the effectiveness of internal controls;
- the 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 three Non-executive Directors, Jane Tufnell, being the Senior Independent Director, Rosemary Hilary and Tim Edwards. The biographical details of the Board members are set out on pages 38 and 39.

David Morrison resigned as a Non-executive Director effective 30 September 2018 having served on the Board for nine years. There have been no new appointments to the Board since the appointment of Tim Edwards in March 2018.

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 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.

The division of responsibilities between Chairman and Chief Executive Officer is clearly established, set out in writing and agreed by the Board.

Chairman

The Chairman is responsible for leadership of the Board. He is also responsible for overseeing the activities of the Chief Executive Officer and providing advice, guidance and support to the Executive Team. He works with the Board to develop Company strategy and support its implementation. The Chairman is a principal ambassador of Record and a guardian of the Group's ethos and values.

Chief Executive Officer

The Chief Executive Officer is responsible for the executive management of the Group to grow the business profitably while acting in the interests of all stakeholders – clients, shareholders, employees and industry regulators and upholding the core values of Record.

Senior Independent Director

The Senior Independent Director's role is to act as a sounding board for the Chairman, oversee the evaluation of the Chairman's performance (see page 42) and serve as an intermediary for the other Directors if necessary. She is also available as an additional point of contact for shareholders and other stakeholders should they wish to raise matters with her rather than the Chairman or the Chief Executive Officer.

Non-executive Directors

The Non-executive Directors are responsible for upholding high standards of integrity and probity; providing constructive challenge and helping to develop proposals on strategy.

Independence of the Non-executive Directors

In determining the independence of Non-executive Directors, the Board has taken into consideration the guidance provided by the Code. The Board considers Jane Tufnell, Rosemary Hilary and Tim Edwards to be independent at the current time. Neil Record is a Non-executive Chairman, although he is not considered to be independent.

Director appointments and time commitment

The rules providing for the appointment, election, re-election and the removal of Directors are contained in the Company's Articles of Association, these remain unchanged from the previous year and are made available for inspection by the Company's shareholders at each AGM. The Company's Articles of Association may be amended by special resolution of the shareholders.

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 and stand for re-election at that meeting. The minimum number of Directors who should retire by rotation is one third.

Under the UK Corporate Governance Code July 2018, all directors should be subject to annual election by shareholders.

The Board has reviewed the recommendations of the Code and the provisions in the Articles and has determined that annual re-election of all directors is appropriate, and accordingly all eight Board Directors will stand for re-election at the 2019 AGM.

Non-executive Directors' letters of appointment stipulate that they are expected to commit sufficient time to discharge their duties. Non-executive Directors are required to notify the Chairman before taking on any additional appointments. Details of other roles held by the Non-executives are set out in their biographies on pages 38 and 39. The Board is satisfied that all Directors continue to be effective and demonstrate commitment to their respective roles.

The Executive Directors are employed on a full-time basis and do not have any other significant commitments outside of the Record Group. Neil Record, as Non-executive Chairman, works on a part-time basis.

For details of Executive Directors' service contracts, termination arrangements and Non-executive Directors' letters of appointment, please refer to the Remuneration Report, page 57.

Board member diversity

The Board has approved a policy for ensuring Board member diversity and has delegated the responsibility for addressing Board diversity to the Nomination Committee. The Nomination Committee reviews Board composition in the context of diversity and reports its recommendations to the Board to ensure diversity is achieved.

The Board acknowledges the importance of diversity in its broadest sense in the boardroom as a driver of board effectiveness. Diversity encompasses diversity of perspective, experience, background, psychological type and personal attributes. The Board recognises that gender diversity is a significant aspect of diversity and acknowledges the role that women with the right skills and experience can play in contributing to diversity of perspective in the boardroom. The Group's Board Diversity Policy sets out that the Board will endeavour to ensure that the minority gender on the Board represents at least one-third of the Board.

The Board currently has three female members in a board of eight and thus women make up 38% of the Board. The Board's opinion is that the current composition of members comprises a good mixture of skills, experience, knowledge and backgrounds 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 Group's Board Diversity Policy. Diversity in the workplace is detailed on page 35.

Governance

CORPORATE GOVERNANCE REPORT CONTINUED

The Board of Directors continued

Board meetings

The Board met six times between 1 April 2018 and 31 March 2019 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 advisers 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 unable 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 2019.

Board meeting and Committee meeting attendance

Directors are expected to attend all meetings of the Board and Committees on which they serve. Details of Board and Committee attendance are included in the table below.

Board/Committee member	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Meetings in the year	**6**	**6**	**7**	**4**
Neil Record	6/6	n/a	n/a	3/4
David Morrison	2/3	3/3	4/4	3/3
Jane Tufnell	6/6	6/6	7/7	4/4
Rosemary Hilary	6/6	5/6	7/7	4/4
Tim Edwards	6/6	6/6	7/7	3/4
James Wood-Collins	6/6	n/a	n/a	n/a
Steve Cullen	6/6	n/a	n/a	n/a
Leslie Hill	3/6	n/a	n/a	n/a
Bob Noyen	6/6	n/a	n/a	n/a

David Morrison attended meetings up to his resignation, effective 30 September 2018, although he was unable to attend the Board meeting held in June 2018 due to a prior commitment.

Leslie Hill was unable to attend the Board meetings held in July 2018 and November 2018 due to prior commitments and unable to attend the Board meeting held in September 2018 due to a client visit.

Rosemary Hilary was unable to attend the Audit and Risk Committee meeting held in January 2019 due to a prior commitment.

Neil Record was unable to attend the Nomination Committee meeting held in May 2018 due to a prior commitment.

Tim Edwards was unable to attend the Nomination Committee meeting held in July 2018 due to a prior commitment.

Each Director unable to attend a meeting gave their apologies in advance.

The Non-executive Directors met without the Executive Directors on several occasions throughout the year, prior to scheduled meetings.

Board induction and training

New Directors appointed to the Board receive advice as to the legal obligations arising from the role of a director of a UK-listed company as part of a tailored induction programme. This training includes briefings with the Chairman, Executive Directors and senior management to help new directors to familiarise themselves with their duties and the Group's culture and values, strategy, business model, businesses, operations, risks and governance arrangements.

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.

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 delegated responsibility for the review to Jane Tufnell, Senior Independent Director and Chair of the Nomination Committee. Jane held individual meetings with all the Board members to canvas opinions. The comments made during these meetings were recorded and collated into a report which documented the observations made and assessed the activities and achievements of the Board and its committees during the period under review. Members were also invited to separately approach the Chairman or Company Secretary with any individual concerns or comments they had. No concerns were raised directly to the Chairman or the Company Secretary.

As in previous evaluations, 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.

Individual appraisal of each Director's performance is undertaken by the Chief Executive Officer and the Chairman. The Senior Independent Director conducts an annual appraisal of the performance of the Chairman with input from the other Board members. The outcome of these appraisals in 2019 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 pages 46 to 48;
- Audit and Risk Committee – report set out on pages 49 to 52; and
- Remuneration Committee – report set out on pages 53 to 65.

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 Nomination, Audit and Risk and Remuneration Committees was reviewed by the respective Committee Chair 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.

Operational committees

The Board has also established three committees responsible for operational oversight and decision making as follows:

Executive Committee

The Executive Committee is the decision-making body for all day-to-day operations as delegated from the Board and Record plc's subsidiaries. The Committee comprises the Chief Executive Officer as chair, the three other Executive Directors, the Chief Operating Officer, a Managing Director 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, systems development, projects and resourcing. Operational policy documents are regularly reviewed by the Committee prior to formal approval by the Board or the appropriate Board Committee. The Head of Compliance and Risk is a regular attendee of meetings (attending nine out of twelve meetings in the year under review).

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, 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.

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 Chief Technology 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 on the Risk Management Committee's activities is presented by the Chief Operating Officer, as the Committee Chair, at each Audit and Risk Committee meeting.

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 sets appropriate policies on internal control which are reviewed annually, and authority is delegated to the following committees and senior personnel to implement and apply those policies:

- the Executive Committee;
- the Audit and Risk Committee;
- the Investment Committee; and
- the Risk Management 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 framework is provided on pages 30 and 31 of the Strategic report.

The Audit and Risk Committee has undertaken a review of the effectiveness of internal controls for the year ended 31 March 2019 and is satisfied that the internal control environment is appropriate (see "Internal controls and risk management" on page 51).

Governance

CORPORATE GOVERNANCE REPORT CONTINUED

Directors' duties – compliance with s172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires directors to promote the success of the company for the benefit of the members as a whole and in doing so to have regard to the interests of stakeholders including clients, employees, suppliers, regulators and the wider society in which it operates.

The table below sets out how Record has engaged with its key stakeholders and how the Board and the business has considered their interests.

Clients	
Clients are the central focus of Record's business. The Group's resilience and ongoing success is built upon the ability to understand clients' evolving needs and respond to them accordingly.	• The Group's operational infrastructure is built around the specific requirements of our clients, including systems and controls to reduce risk and manage each stage of the process as efficiently as possible. • The Client Team builds lasting relationships with current and potential clients to develop a clear view of client objectives and how these will evolve. • Regular review meetings with clients ensure client requirements are consistently monitored.
Shareholders	
Record relies on the support and engagement of its shareholders to deliver its strategic objectives and grow the business.	• The Board considered the full-year and half-year results. Both the Group Chief Executive and Chief Financial Officer presented them to major investors. • Outside of results presentations, meetings are held with investors as and when requested. • The primary means of communicating with shareholders is through the Annual General Meeting, the Annual Report and Accounts, half-year results and related presentations. All of these are available on the Company's website and the Interim Report and Annual Report and Accounts are posted to all shareholders. The Group's website also contains information on the business of the Company, corporate governance, all regulatory announcements, key dates in the financial calendar and other important shareholder information.
People	
Record's people are central to the ongoing success of the business and the Group aims to attract, retain, develop and motivate the right people for current and future business needs.	• Record engages with its employees through a variety of channels including a company intranet, management briefings, email updates and presentations by the Group Chief Executive to discuss progress made by the business, together with future objectives and challenges. • In 2018 Record conducted an employee opinion survey to assess staff sentiment and the Executive Committee and the Board discussed the results and agreed an action plan to address the issues raised. • The Group seeks to encourage employees in developing their careers, offering assistance in such forms as study support and the possibility of secondments to overseas branches.

Society	
Record recognises the responsibility it has to the local community, wider society and the environment.	• Record aims for high standards of governance across the Group. • We are proud to support the communities in which we operate and have a long history of contributing through monetary donations, gift giving and employee time.
External Suppliers	
Record relies on the use of external suppliers to supplement the Group's own infrastructure benefiting from the expertise these suppliers provide.	• External expertise and sector experience is used to enhance the processes and controls across Record's suite of products and services, for example PwC's service auditor report (ISAE 3402) on internal controls and Record's relationship with Deloitte as internal auditor. • A close working relationship with suppliers helps to maintain the highest quality of products and services procured in a cost-efficient manner.
Regulators	
As a global business, Record seeks to have transparent and open relationships with its regulators around the world. Regulators provide key oversight of how the business is run thereby offering comfort to our clients.	• Record engages with regulators and policymakers as appropriate to ensure that our business understands and contributes to evolving regulatory requirements. • The Audit and Risk Committee receives regular reports from the Head of Compliance and Risk which cover the Group's regulatory processes and procedures and its relationship with regulators. The reports also outline the material changes in the regulatory environment in which the Group operates. In 2018/19, these included the Group's implementation of GDPR, MiFID II and the possible impacts of Brexit.

Approved by the Board and signed on its behalf by:

Joanne Manning
Company Secretary
12 June 2019

Governance

NOMINATION COMMITTEE REPORT

Jane Tufnell
Chair of the Nomination Committee

Role of the Committee

The Committee serves both Record plc and the Group's FCA regulated entity, Record Currency Management Limited. The Boards of the two companies are identical to facilitate full regulatory oversight and common corporate governance practices. References to the "Board" refer to the Boards of both Record plc and Record Currency Management Limited.

The Nomination Committee is responsible for reviewing the composition of the Board, the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee and for making recommendations to the Board as necessary.

Committee duties

Under its terms of reference the Committee is tasked with the following:

- reviewing the structure, size and composition of the Board and making recommendations to the Board as necessary with respect to the role, capabilities and expected time commitment required for each appointment;
- giving full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Group and the skills and expertise needed on the Board in the future;
- keeping under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the Group's continued ability to compete effectively in the marketplace;
- identifying and nominating for the Board's approval, candidates to fill Board vacancies as and when they arise;
- reviewing annually the time commitment required from non-executive Directors;
- preparing, and regularly reviewing, job specifications for the Chairman and Chief Executive Officer, including the time commitment expected;
- preparing, and regularly reviewing, a policy on Board diversity, including gender, and determining measurable policy objectives as deemed appropriate;
- overseeing Significant Influence Function competency reviews as required by the FCA and conducted by the CEO and Chairman on an annual basis;
- reviewing the re-appointment of any Non-executive Director at the conclusion of their specified term of office; and
- reviewing the membership of the Audit and Risk and Remuneration Committees, in consultation with the relevant Committee Chairman.

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.

Membership of the Committee

The Committee has been chaired by Jane Tufnell since September 2016. Jane is supported by the other independent Directors, Rosemary Hilary and Tim Edwards and the Group Chairman, Neil Record. David Morrison served on the Committee until his resignation as a Non-executive Director, effective 30 September 2018.

Committee meetings

The Committee met on four occasions during the year ended 31 March 2019 and invited the Chief Executive Officer, Company Secretary and the Head of Human Resources to join the meetings as the Committee considered appropriate. Committee member meeting attendance is detailed on page 42.

The Chair of the Nomination Committee reported regularly to the Board on the Committee's activities, identifying any matters where any action was deemed to be required and recommendations as considered appropriate.

Key Committee activities

Board diversity and membership

The Group's Board Diversity Policy was last reviewed by the Committee in November 2018. The Committee agreed the policy remained appropriate. The Committee has also acknowledged that future executive director succession planning should embrace the benefits of diversity, including gender diversity, to ensure that any individual selected will add to the Board's mix of perspective, experience, background and personal attributes.

The Committee is satisfied that the current composition of the Board remains appropriate and meets the gender target set in the Group's Board Diversity Policy.

Time commitment required for Non-executive Directors

In May 2019 the Committee reviewed the roles undertaken by the Non-executive Directors and the time necessary to undertake the tasks required. The Committee noted that formal Board meetings and sub-committee meetings are well attended by the Non-executive Directors and that they are also willing to devote the time necessary to address ad hoc issues outside scheduled meetings to allow prompt decisions to be made. The Committee agreed that the number of meetings is sufficient to address all issues arising and is not excessive. The Committee therefore agreed that the time commitment required of Non-executive Directors is consistent with the nature and size of the business.

Review of the roles of Chairman and Chief Executive Officer

In July 2018 the Committee reviewed the job descriptions for the Group Chairman and Chief Executive Officer in respect of their roles for both Record plc and Record Currency Management Limited previously approved by the Committee in 2017. The Committee agreed that the job descriptions remained fit for purpose and approved them accordingly. The Committee also acknowledged that Neil Record, Group Chairman and James Wood-Collins, Chief Executive Officer were performing their respective roles in accordance with these job descriptions. The job descriptions for the Group Chairman and the Chief Executive Officer will continue to be reviewed against the roles being performed on an annual basis.

Significant Influence Function ("SIF") competency reviews

In September 2018 the Committee considered the competency review documents for 2018 completed in respect of the following individuals who hold significant influence function roles as defined by the FCA:

- James Wood-Collins, Chief Executive Officer
- Leslie Hill, Head of Client Team
- Bob Noyen, Chief Investment Officer
- Steve Cullen, Chief Financial Officer
- Joel Sleigh, Chief Operating Officer
- Dmitri Tikhonov, Managing Director
- Grady Laurie, Head of Compliance and Risk
- Kevin Ayles, Head of Human Resources

The Committee acknowledged it was content with the SIF competency assessments made and that it had no concerns regarding the performance of any of the individuals reviewed.

Extension of the appointment term for Jane Tufnell

In September 2018 the Committee reviewed the extension of the appointment term for Jane Tufnell as a Non-executive Director following its expiry after the initial three year term, Jane having been appointed in September 2015. Jane was not present for this review. It was agreed that it was in the interest of both Record plc and Record Currency Management Limited that Jane be re-appointed on the same terms for a further period of three years, which may be extended further at the sole and absolute discretion of Record plc and Record Currency Management Limited. A recommendation was put to the Board accordingly and unanimously approved.

Governance

NOMINATION COMMITTEE REPORT CONTINUED

Key Committee activities continued

Board Committee Chairs

Given David Morrison's resignation in September 2018 the Committee considered who should chair each of the Board committees, effective 1 October 2018. The Committee agreed that, given his knowledge and experience, it would be appropriate for Tim Edwards to assume the role of Chair of the Remuneration Committee. The Committee also agreed that Rosemary Hilary continues to chair the Audit and Risk Committee and that Jane Tufnell continues to chair the Nomination Committee and both expressed their willingness to remain in these roles. Jane Tufnell put a recommendation to the Board accordingly and the Board gave its approval to the proposed Committee Chairs.

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chair of the Committee in May 2019. The conclusion was that the Committee had been effective in carrying out its duties.

Annual General Meeting

The Committee has agreed that all Directors standing for re-election continue to make a valuable contribution to the Board's deliberations and recommends their re-election. As required by the UK 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 2019 Notice of AGM.

The Chair of the Nomination Committee will be available to answer any questions relating to the Committee and its activities at the AGM.

Looking forward

As well as considering its standing items of business, the Committee will continue to consider the required skillset for the Board going forward and will consider the appointment of suitable external candidates should they present themselves.

Approved by the Committee and signed on its behalf by:

Jane Tufnell

Chair of the Nomination Committee

12 June 2019

AUDIT AND RISK COMMITTEE REPORT

Rosemary Hilary
Chair of the Audit and Risk Committee

Role of the Committee

The role of the Audit and Risk Committee is to encourage and safeguard a high standard of integrity in financial reporting, risk management and internal controls for the Group, having regard to laws and regulations applicable to the Group and the provisions of the UK Corporate Governance Code.

The Committee serves both Record plc and the Group's FCA regulated entity, Record Currency Management Limited. The Boards of the two companies are identical to facilitate full regulatory oversight and common corporate governance practices. References to the "Board" refer to the Boards of both Record plc and Record Currency Management Limited.

Committee duties

Under its terms of reference the Committee is tasked with the following:

- monitoring the integrity of the Group's financial statements and any other formal announcements relating to the Group's performance;
- overseeing whistleblowing arrangements by which staff may raise concerns about possible improprieties in financial reporting or other matters;
- reviewing the Group's internal control and risk management procedures;
- reviewing the operational conflicts of interest framework and making recommendations to the Board and Management as appropriate;
- 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 any 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.

Governance

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Membership of the Committee

The Committee has been chaired by Rosemary Hilary since September 2016. Rosemary is supported by the other independent Directors: Jane Tufnell and Tim Edwards. David Morrison served on the Committee until his resignation as a Non-executive Director, effective 30 September 2018.

Given her accounting and regulatory background the Board considers that Rosemary is the most appropriate independent Director for the role of Audit and Risk Committee Chair and this view is supported by the other members of the Committee.

The Board is satisfied that by virtue of their previous experience gained in other organisations, the Committee members collectively have competence relevant to the sector in which the Group operates. The biographical details of the Committee members are set out on pages 38 and 39.

The composition of the Committee complies with the Code provision for smaller companies requiring at least two independent Non-executive Directors throughout the year. However, Record has confirmed with the FCA that it will have at least three independent Non-executive Directors serving on the Committee at all times and the Committee membership has always satisfied this undertaking.

Committee meetings

The Committee met six times during the year ending 31 March 2019, being four quarterly meetings plus two additional meetings ahead of results announcements. All meetings were also attended by the Chief Executive Officer, the Head of Compliance and Risk, the Chief Financial Officer and the Chief Operating Officer. Representatives of the internal auditor were present at five of the meetings and the external audit partner and external audit director attended a total of five meetings. Two further meetings have been held since the year end. Committee member meeting attendance is detailed on page 42.

The Committee also separately met the Group's external auditor and the internal auditor after each meeting at which they were present, providing an opportunity for them privately and in confidence to raise matters of concern. No significant issues were raised in these meetings.

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 and Pillar 3 disclosures prior to their recommendation for acceptance by the Board;
- receiving and reviewing internal audit reports and 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 2019 financial statements; and
- evaluating the performance of the external auditor over the period.

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

- regular reports by the Head of Compliance and Risk reviewing internal compliance and risk management activities and issues which also highlighted relevant UK and global regulatory developments which will or may impact the Group;
- review of a high level "Risk Matrix" 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, findings from the audits, and 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 by the Chief Operating Officer as Chair of the Risk Management Committee.

During the year the Chair of the Committee separately met the key people involved in the Company's governance, including the Board Chairman, the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Head of Compliance and Risk to obtain updates and insights into business activities.

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

Key Committee activities

Risk Management Framework

During the year the Committee supported and provided input to the work being undertaken by management to conduct a thorough review of risk management at Record in order to evolve the Group's long-established risk management framework to better articulate risk appetite, clarify risk related processes, procedures and responsibilities and improve risk monitoring and reporting. The Committee welcomed this initiative, was impressed by the commitment of management to the project and was pleased with the output.

Cyber security

The Committee reviewed cyber risk defences in line with the UK's National Cyber Security Centre (NCSC) "10 Steps to Cyber Maturity" framework.

The Committee remains conscious that cyber security continues to present a significant risk to financial services companies and the monitoring and review of the cyber security processes implemented by Record will thus remain a focus for the Committee going forward.

Replacement of the Head of IT

Following the resignation of the Head of IT in July 2018 the Committee was provided with regular updates by the Chief Executive Officer and the Chief Operating Officer detailing the recruitment process and transition planning to ensure that IT-related projects were appropriately prioritised, cyber security practices were maintained and that the IT function was effectively managed. The Committee was content with the actions taken by management over the six month transition period.

Review of the regulatory landscape

Briefings on regulatory developments have been provided to the Committee over the period under review by Deloitte as internal auditor and also by the Head of Compliance and Risk. Topics included the Group's readiness for GDPR, the Senior Manager and Certification Regime, MiFID II, FCA policy and discussion statements, FRC guidance and the Group's preparations for managing Brexit.

Regulatory change will continue to be closely monitored by the Committee for the foreseeable future.

Compliance and risk

Under the standing agenda item of compliance and risk the Committee considered and confirmed it was content with the following:

- The compliance monitoring plan for 2019, noting that it was risk based, proportionate and appropriate for the nature and scale of the business.
- A Financial Crime Risk Assessment prepared by the Head of Compliance and Risk based on the FCA guidance "Financial Crime: a Guide for Firms" published in July 2016 and concluding that the Group continues to have proportionate and adequate procedures and controls concerning the specific risk posed by financial crime on its operations.
- A whistleblowing policy, updated to reflect minor housekeeping amendments.

Financial reporting

The Committee has reviewed the half-year and annual results and the Annual Report, before recommending them to the Board for approval.

During the year, the Committee also considered the significant financial and regulatory reporting issues and judgements 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. The Committee is satisfied that all judgements made by management which affect financial reporting have been made in accordance with the Group's accounting policies.

The Committee further considered reports from the external auditor, in particular its independent assessment of financial reporting and key controls, the audit opinion on the Annual Report and the 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 the external auditor.

The Committee has reviewed the narrative statements in the report and accounts to ensure they are fair, balanced and understandable 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, confirmed there were no significant issues or concerns to be addressed and recommended that it be approved by the Board.

Internal controls and risk management

A significant part of the work of the Committee is in providing oversight and independent challenge to the internal controls and risk management systems of the Group.

Over the last twelve months management has developed a high-level "Risk Matrix" which identifies key risk areas that may impact the Group, replacing the graphical "Risk Heat Map" produced previously. This analysis is used by the Committee and compared against a risk assessment prepared by the internal auditor to ensure that material risk areas are being appropriately identified and addressed by management and that movements in risks and business impact are identified promptly so that appropriate action can be taken. The "Risk Matrix" continues to be enhanced to aid risk monitoring and such development is welcomed by the Committee.

The Committee reviews all minutes of Risk Management Committee meetings and the Chief Operating Officer as Chair of the Risk Management Committee was present at all meetings to answer questions raised.

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. More information on the Group's risk management framework is given in the Strategic Report on 30 and 31.

Internal audit

The internal audit function undertakes a programme of reviews as approved by the Committee, reporting the results together with its advice and recommendations to the Committee. The function is provided by Deloitte LLP ("Deloitte") under an outsourcing contract which commenced in May 2010. The objectives and responsibilities of internal audit are set out in a charter reviewed and approved on an annual basis. The charter was last reviewed and approved by the Committee in May 2019. Deloitte reports directly to the Committee and the relationship is subject to periodic review.

The Committee and the internal auditor have developed a planning process to ensure that the audit work performed focuses on significant risks. The plans include thematic and risk-based reviews as agreed by the Committee, Deloitte and management. Each review is scoped at the start of the audit to ensure an appropriate focus reflecting business activities, the market environment and regulatory matters. The annual plans are periodically reviewed to ensure they are 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, 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 effective and timely manner.

Governance

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Internal audit continued

The Committee has reviewed Deloitte's work and discussed the delivery of internal audit with management and is satisfied with the internal audit work conducted 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

PricewaterhouseCoopers LLP ("PwC") was appointed in 2017 to conduct the external audit of the Record Group. The fees and the terms of the audit engagement letter are agreed by the Committee on an annual basis.

The Committee has reviewed reports from the external auditor on the audit plan (including the proposed materiality level for the performance of the annual audit), the status of its audit work and issues arising. In particular the Committee considered the auditor's comments in respect of the process for determining revenue, which involves a manual calculation of fees, noting the level of testing performed on the effectiveness of key controls, procedures for identifying and valuing AUME and the contractual terms associated with individual mandates and also the reperformance of fee calculations. The Committee discussed the findings and was satisfied with the conclusion reached by the auditor that no further audit testing was required and no evidence of material misstatements was identified. The Committee has confirmed that no material items remained unadjusted in the financial statements.

Each year, following the annual audit, the Committee evaluates the performance of the external auditor. There were no significant adverse findings from the May 2019 evaluation and the Committee concluded that PwC had provided an external audit service which was appropriate for the Group given its size and structure.

External auditor independence

Policy on provision of non-audit services by the external auditor

The 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. The policy ensures adherence to the Financial Reporting Council's revised Ethical Standard issued on 17 June 2016, which implements EU audit regulations restricting the supply of non-audit services to Public Interest Entities ("PIEs") by statutory auditors, and which applies to audits for financial years beginning on or after that date.

The policy restricts the nature and value of non-audit services that can be provided by the external auditor by documenting a "black list" of prohibited services, setting a cap on the level of permitted non-audit services and establishing the requirement that permitted services above a pre-determined limit should be approved by the Committee before the assignment is undertaken.

Under the Ethical Standard the aggregate of fees for all non-audit services, excluding audit related assurance services required under regulation, may not exceed 70% of the average of the audit fees for the preceding three year period. The Committee considers it best practice to adhere to the fee cap on an annual basis, effective from the first year of application for Record of the Ethical Standard (i.e. the year ended 31 March 2018) and monitors fees accordingly.

The policy is reviewed by the Committee on an annual basis. This review was conducted in May 2019 and it was agreed the policy remained appropriate and it was approved by the Committee accordingly.

Non-audit services undertaken by the external auditor

The following permitted non-audit services, pre-approved by the Committee and within a pre-determined cost limit, have been undertaken by PwC in the year under review:

- provision of other assurance services in respect of controls reports;
- independent auditor report to the FCA on compliance with client asset rules;
- the interim review work performed on the half-year accounts; and
- advice and assistance on employee work visas and applications.

Details of the total fees paid to PwC are set out in note 5 to the accounts. Non-audit fees, excluding audit-related assurance services required under law or regulation, were equivalent to 47% (2018: 48%) of audit fees and were therefore within the permitted cap of 70%.

Assessment of external auditor independence

The Committee was satisfied that the quantity and nature of non-audit work undertaken during the year did not impair PwC's independence or objectivity and that its appointment for these assignments was in the best interests of the Group and its shareholders.

The Committee is satisfied that the external auditor has maintained its independence and objectivity over the period of its engagement.

Committee evaluation

An internal review of Committee effectiveness was overseen by the Company Secretary in May 2019. The review was based on input from Board members, senior management, 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.

Looking forward

As well as considering the standing items of business, the Committee will continue to focus on the following areas during the year ahead:

- cyber security;
- risk monitoring; and
- the regulatory landscape.

Approved by the Committee and signed on its behalf by:

Rosemary Hilary
Chair of the Audit and Risk Committee

12 June 2019

REMUNERATION REPORT

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

Tim Edwards
Chair of the Remuneration Committee

Remuneration Committee Chairman's summary statement

Introduction

I am pleased to present my first Remuneration Report for 2019. I would like to thank David Morrison for his contribution during his nine years as a member of the Committee, most recently as Chairman.

We believe that our Remuneration Policy, as approved by shareholders at our 2017 AGM, remains broadly appropriate, although we have made changes to the operation of our Group Profit Share Scheme with effect from 1 April 2019. These changes are within the Remuneration Policy framework and scheme rules but I have explained these changes further below. As required, the Company will put a Directors' remuneration policy to shareholders at the 2020 AGM.

Remuneration philosophy

Our remuneration approach is driven by long-term thinking. Identifying, developing and appropriately compensating our high performers, at all levels of the business, is critical to long-term business success and aligned to clients' and shareholders' interests.

Our key remuneration principles are to have:

- A consistent remuneration structure for all employees, not just Executive Directors, which is transparent and straightforward, with a single profit share pool and share option scheme.
- Two components of remuneration: (i) fixed salaries and (ii) variable remuneration based on performance.
- A proportion of the remuneration of Executive Directors and senior managers deferred by paying some in the form of equity.

Changes to the operation of the Group Profit Share Scheme

The Committee has made changes to the operation of the Group Profit Share scheme which took effect from 1 April 2019 to ensure that there is a transparent link between our business strategy and individual objectives, that the assessment of individual performance is clear, and that variable pay rewards high levels of performance. To create business growth whilst managing costs we want to reward behaviour that drives revenue generation, improved efficiencies and reduced costs.

Annual corporate objectives have been agreed by the Board and individual objectives have been agreed for all employees, including Executive Directors. Individual levels of performance will be assessed each six months against objectives and variable remuneration will be awarded based on achievement objectives. The Remuneration Committee will approve any payments to Executive Directors and management will approve payments to employees.

The Group Profit Share Pool continues to be linked to profitability and can vary between 25% to 35% of operating profits. The Committee has not used this flexibility in the past, preferring to maintain the pool at 30%, but does intend to use this flexibility in future depending on the company's performance.

The Committee believes that these changes will drive business performance and reward high performers in a more transparent manner, within the existing Group Profit Share Scheme framework.

Governance

REMUNERATION REPORT CONTINUED

Remuneration Committee Chairman's summary statement continued

Company performance and Directors' remuneration

The year to 31 March 2019 has seen growth in our revenue, increase in profit before tax and a marginal increase in operating margin. The decline in management fees was more than offset by the rise in performance fees. However, certain costs have risen as a result of investing in our people and resources to maintain innovation and service enhancement.

For the year to 31 March 2019 prior to the changes referred to above becoming effective, our Group Profit Share Scheme pool has been set at 30% of operating profits (2018: 30%), directly linking the Company's financial performance to the size of the variable remuneration pool, so the value delivered to employees under the Group Profit Share Scheme increased by 8.5% over the period.

With a focus on maintaining profitability and managing costs, no company-wide salary increases were made in April 2019 and none of the Executive Directors received any salary increase.

Executive Directors were awarded profit share units by the Remuneration Committee based on their individual level of performance. The Committee used its discretion in setting the awards after receiving input from the Head of Compliance and Risk, who reports any legal or compliance issues that relate to Directors who are due to receive awards under the Scheme. Payments were made in accordance with the Group Profit Share Scheme rules and were approved by the Committee.

No share options were granted to Executive Directors during the period and each of their current share option holdings is detailed on page 60.

Regulation

We continue to review our remuneration structures in line with regulatory changes and good practice and have actively reviewed and updated the FCA policy statement.

Committee membership and focus during the year

The Remuneration Committee is comprised of the Non-executive Directors, namely Jane Tufnell, Rosemary Hilary, and myself, acting as Chairman.

Our focus during the past year has been to review and make changes to the Group Profit Share Scheme, including approving objectives for Executive Directors. In addition the Committee has reviewed the FCA policy statement, reviewed external salary and remuneration benchmarks for all staff and approved salary, Group Profit Share payments and vesting of share options for Executive Directors. We have also taken into account employee views on remuneration through our employee survey.

Directors' remuneration report

This year's report is split into two sections. We have not reproduced our full Remuneration Policy in this report but provided a summary in the table on pages 55 and 56. A copy of our full Directors' Remuneration Policy, as approved by shareholders in July 2017, is available in the Remuneration Section of the 2017 Annual Report and Accounts, and is available on our website **https://ir.recordcm.com/financial-information-and-reporting/reports-and-accounts.**

The Annual report on remuneration explains how the policy has been implemented this year.

Shareholder consultation

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

An advisory vote to approve the Remuneration Committee chairman's summary statement and the Annual report on remuneration will be held at the 2019 AGM.

Tim Edwards

Remuneration Committee Chairman

12 June 2019

Directors’ remuneration policy

Remuneration Policy summary table

This section of the remuneration report provides an overview of the key remuneration elements in place for all staff, including Executive Directors, the Chairman and Non-Executive Directors. We have not made any changes to our Remuneration Policy and the table summarises the policy approved by shareholders at the 2017 AGM.

Element	Current operation for employees	Application to Executive Directors	Application to the Chairman and Non-executive Directors
Base salary Fixed remuneration that reflects the role, responsibilities, experience and knowledge of the individual.	Paid monthly and reviewed annually by management. Any review will take into account market rates, business performance and individual contribution.	The Remuneration Committee reviews salaries for Executive Directors on an annual basis. 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.	Salaries and fees are reviewed annually by the Board. Any review will take into account market rates, business performance and individual contribution. Increases are normally expected to be in line with the typical level of increase awarded across the Group.
Benefits To provide a benefits package that provides for the wellbeing of our colleagues.	A range of benefits are offered including, but not limited to private medical insurance, dental insurance, permanent health insurance, life assurance, personal accident insurance and annual holiday.	Executive Directors receive benefits on the same basis as all other employees. There is no maximum level of benefit.	The Chairman receives benefits on the same basis as other employees. The Non-Executive Directors do not receive any additional benefits.
Pension To provide an appropriate retirement income.	All staff are entitled to join the Group Personal Pension Scheme. This is a defined contribution plan to which the Group makes employer contributions and staff can choose to make additional personal contributions.	Executive Directors receive an employer pension contribution of 15.5% of salary which can be paid into the Pension Scheme or delivered as a cash allowance. Executive Directors can choose to make a personal contribution in addition to the Company contribution.	The Chairman is entitled to join the Pension Scheme, but has chosen to opt out and in line with the policy for Executive Directors receives the employer pension contribution of 15.5% of his salary as taxable income. The Non-executive Directors do not receive pension benefits.
Group Profit Share Scheme Variable remuneration scheme that allocates 25% to 35% of operating profits to a Group Profit Share Pool, allocated to participants based on their role and individual level of performance.	All staff participate in the Group Profit Share Scheme. Staff members can take their profit share in cash or elect for up to a third in shares. Senior Managers 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. The remaining amount is in cash.	Executive Directors are eligible to participate in the Group Profit Share Scheme and the Remuneration Committee approves all payments to Executive Directors. Executive Directors are required to take one third of their payment in shares subject to lock up conditions of one to three years. In addition they are offered the opportunity for up to a further third of their Profit Share to be paid in shares. 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. 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.	The Chairman and the Non-executive Directors do not participate in the Group Profit Share Scheme.

Governance

REMUNERATION REPORT CONTINUED

Directors' remuneration policy continued

Remuneration Policy summary table continued

Element	Current operation for employees	Application to Executive Directors	Application to the Chairman and Non-executive Directors
Share Scheme The Share Scheme allows the Remuneration Committee to grant options over up to 2% of the market capitalisation of Record plc (being approximately 4 million shares) per annum. Of this total, 1% (approximately 2 million shares) can be granted to Executive Directors and the other 1% can be granted to staff.	All staff members are eligible to participate in the Share Scheme. Any share option grants are awarded by management on a discretionary basis.	Executive Directors are eligible to participate in the Share Scheme. 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. All share options awarded to Executive Directors are granted with an exercise price equal to the market value of the shares on the date of grant and 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.	The Chairman and the Non-executive Directors do not participate in the Share Scheme.
Share Incentive Plan The Group has an approved Share Incentive Plan ("SIP"). 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 2019), which is matched at a rate of 50%.	All staff members are eligible to participate in the SIP.	Executive Directors may participate in the SIP on the same basis as other employees.	The Chairman and the Non-executive Directors do not participate in the SIP.

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 changes proposed 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 seeks advice from the Head of Compliance and Risk prior to approving or amending the remuneration policy.

The Committee does not consider that it is appropriate to consult directly with colleagues when developing the Directors' remuneration policy. However, certain questions in the employee survey this year were specifically about remuneration and this allowed the Committee to gain feedback from staff. A significant proportion of our colleagues are shareholders so are able to express their views in the same way as other shareholders.

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 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, reflecting his promotion to Chief Executive Officer and Steve Cullen who has a service agreement dated 15 March 2013, reflecting 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 annual re-election by shareholders at the Company's AGM.

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.

Governance

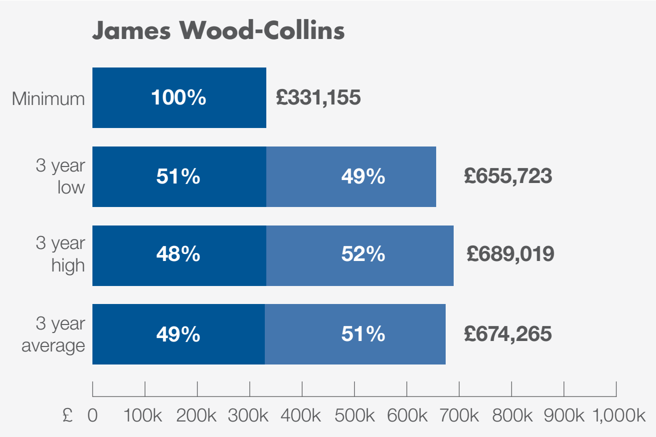
REMUNERATION REPORT CONTINUED

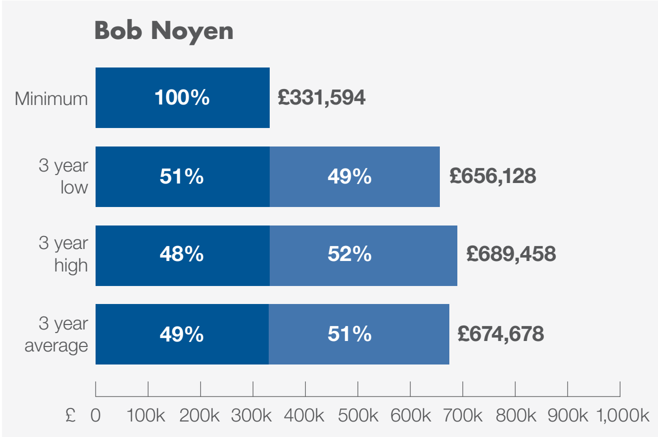
Directors' remuneration policy continued

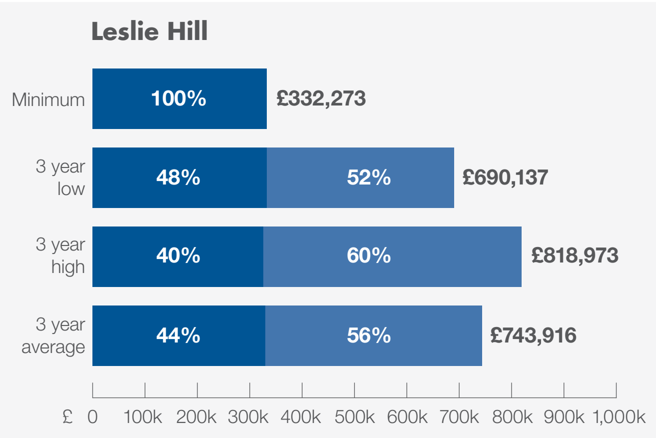
Remuneration illustrations

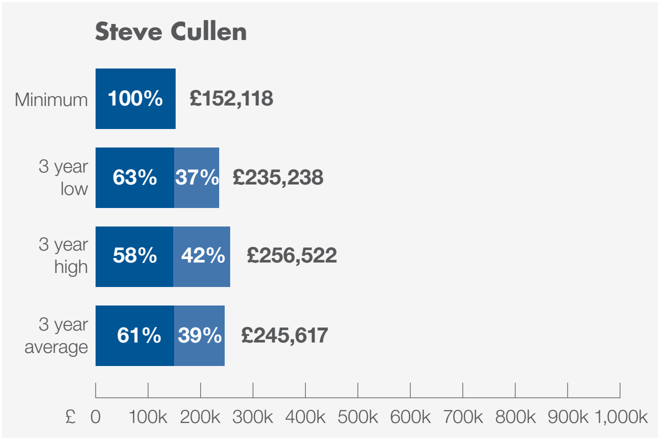
The charts below show the lowest, highest and average remuneration for the Executive Directors over the past three years. Fixed remuneration is comprised of salary, pension contributions, other benefits and any cash alternative. Variable remuneration comprises Group Profit Share, including cash and share 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 2019 AGM. The information on pages 59 to 65 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 2019 is detailed below together with their remuneration for the previous year.

	James Wood-Collins		Leslie Hill		Bob Noyen		Steve Cullen	
Executive Directors	**2019 £**	2018 £	**2019 £**	2018 £	**2019 £**	2018 £	**2019 £**	2018 £
Salaries and fees	**285,913**	285,913	**285,913**	285,913	**285,913**	285,913	**129,997**	126,210
Benefits[1]	**926**	912	**2,044**	1,908	**1,365**	1,317	**1,971**	1,946
Short-term incentive (GPS cash)	**238,576**	216,388	**238,576**	163,563	**238,576**	216,388	**61,981**	36,101
Short-term incentive (GPS-shares)[2]	**119,288**	108,194	**119,288**	226,939	**119,288**	108,194	**30,991**	50,089
Pensions[3]	**44,316**	44,316	**44,316**	44,316	**44,316**	44,316	**20,150**	20,892
Total	**689,019**	655,723	**690,137**	722,639	**689,458**	656,128	**245,090**	235,238

	Neil Record		Jane Tufnell		Rosemary Hilary		Tim Edwards (appointed 21 March 2018)		David Morrison (resigned 30 September 2018)	
Non-executive Directors	**2019 £**	2018 £	**2019 £**	2018 £	**2019 £**	2018 £	**2019 £**	2018 £	**2019 £**	2018 £
Salaries and fees	**79,310**	79,310	**53,498**	42,230	**49,862**	48,410	**43,497**	7,038	**31,827**	61,800
Benefits[1]	**2,258**	2,137	**–**	–	**–**	–	**–**	–	**–**	240
Pensions[3]	**12,293**	12,293	**–**	–	**–**	–	**–**	–	**–**	–
Total	**93,861**	93,740	**53,498**	42,230	**49,862**	48,410	**43,497**	7,038	**31,827**	62,040

1. This value includes matching shares on SIP scheme, medical benefits, payments made in lieu of medical benefits, overtime payments and reimbursement of taxable travel expenses.
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.

Payments made to former Directors

Andrew Sykes, a former Non-executive Director, received £1,000 for consultancy services in the year ended 31 March 2019.

No payments were made to David Morrison following his resignation in September 2018.

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 for the relevant six month period. The Committee also receives 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 2019, the Group made contributions of at least 15.5% 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.

All Directors who make personal contributions into the Company pension scheme via salary sacrifice receive an amount equivalent to the employer's national insurance saved by the Company into their pension as an additional contribution.

The employer pension contributions for the financial years ending 31 March 2018 and 31 March 2019 are detailed in the tables above.

Governance

REMUNERATION REPORT CONTINUED

Annual report on remuneration continued

Directors' share options and share awards (audited information)

During the financial year ended 31 March 2019 no option awards were made to any Executive Directors.

All of the Executive Directors have previously been awarded share options and 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, as well as any options that have lapsed or been exercised.

	Date of grant	Total options at 1 April 2018	Options granted in period	Options lapsed in period	Options exercised in period	**Total options at 31 March 2019**	Exercise price	Earliest Exercise	Latest exercise
James	18/11/13	466,667	—	(350,000)	—	**116,667**	30.00p	18/11/17	17/11/19
Wood-Collins	27/11/14	420,000	—	(210,000)	—	**210,000**	35.86p	27/11/17	26/11/20
	01/12/15	450,000	—	(150,000)	—	**300,000**	28.875p	01/12/18	30/11/21
	27/01/16	100,000	—	(33,333)	—	**66,667**	24.50p	27/01/19	26/01/22
	30/11/16	550,000	—	—	—	**550,000**	34.0718p	30/11/19	29/11/22
	26/01/18	1,300,000	—	—	—	**1,300,000**	43.50p	26/01/21	25/01/24
Leslie Hill	27/11/14	420,000	—	(210,000)	—	**210,000**	35.86p	27/11/17	26/11/20
	01/12/15	450,000	—	(150,000)	—	**300,000**	28.875p	01/12/18	30/11/21
	27/01/16	100,000	—	(33,333)	—	**66,667**	24.50p	27/01/19	26/01/22
	30/11/16	550,000	—	—	—	**550,000**	34.0718p	30/11/19	29/11/22
	26/01/18	280,000	—	—	—	**280,000**	43.50p	26/01/21	25/01/24
Bob Noyen	27/11/14	420,000	—	(210,000)	—	**210,000**	35.86p	27/11/17	26/11/20
	01/12/15	450,000	—	(150,000)	—	**300,000**	28.875p	01/12/18	30/11/21
	27/01/16	100,000	—	(33,333)	—	**66,667**	24.50p	27/01/19	26/01/22
	30/11/16	550,000	—	—	—	**550,000**	34.0718p	30/11/19	29/11/22
	26/01/18	280,000	—	—	—	**280,000**	43.50p	26/01/21	25/01/24
Steve Cullen	27/11/14	180,000	—	(90,000)	—	**90,000**	35.86p	27/11/17	26/11/20
	01/12/15	450,000	—	(150,000)	—	**300,000**	28.875p	01/12/18	30/11/21
	27/01/16	100,000	—	(33,333)	—	**66,667**	24.50p	27/01/19	26/01/22
	30/11/16	550,000	—	—	—	**550,000**	34.0718p	30/11/19	29/11/22
	26/01/18	125,000	—	—	—	**125,000**	43.50p	26/01/21	25/01/24

The outstanding share options above vest subject to performance conditions which are detailed on page 61.

There were no gains on share options by directors in the year ended 31 March 2019.

James Wood-Collins had a gain on share options of £39,872 in the year ended 31 March 2018. No other directors had gains on share options.

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 growth + 13%	75%
>RPI growth + 7%, =<RPI growth + 10%	50%
>RPI growth + 4%, =<RPI growth + 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.

Share option awards made to James Wood-Collins on 18 November 2013 vest in three equal tranches and the third of these vesting dates was 18 November 2018. In accordance with the performance conditions detailed above, 25% of this tranche of options vested, which was 116,667 shares, and the other 75% lapsed.

Share option awards made to James Wood-Collins, Leslie Hill, Bob Noyen and Steve Cullen on 27 November 2014 vest in three equal tranches and the second of these vesting dates was 27 November 2018. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 210,000 shares for James Wood-Collins, Leslie Hill and Bob Noyen and 90,000 shares for Steve Cullen.

Share option awards made to James Wood-Collins, Leslie Hill, Bob Noyen and Steve Cullen on 1 December 2015 vest in three equal tranches and the first of these vesting dates was 1 December 2018. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 150,000 shares for James Wood-Collins, Leslie Hill, Bob Noyen and Steve Cullen.

Share option awards made to James Wood-Collins, Leslie Hill, Bob Noyen and Steve Cullen on 27 January 2016 vest in three equal tranches and the first of these vesting dates was 27 January 2019. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 33,333 shares for James Wood-Collins, Leslie Hill, Bob Noyen and Steve Cullen.

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 2018	Restricted awards during year	Restrictions released during year	**Interest in restricted shares at 31 March 2019**
James Wood-Collins	375,408	166,264	(222,840)	**318,832**
Leslie Hill	1,008,518	166,264	(371,945)	**802,837**
Bob Noyen	324,614	166,264	(172,046)	**318,832**
Steve Cullen	361,076	40,774	(137,564)	**264,286**

Governance

REMUNERATION REPORT CONTINUED

Annual report on remuneration 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.

2019	Shares held without restrictions	GPS shares subject to restrictions[2]	Total shares held	Share options (not expired)	Total share interests
Executive Directors					
James Wood-Collins	2,180,131	318,832	**2,498,963**	2,543,334	**5,042,297**
Leslie Hill	14,401,091	802,837	**15,203,928**	1,406,667	**16,610,595**
Bob Noyen	8,888,185	318,832	**9,207,017**	1,406,667	**10,613,684**
Steve Cullen	1,075,048	264,286	**1,339,334**	1,131,667	**2,471,001**
Non-executive Directors and Chairman					
Neil Record	62,396,541	—	**62,396,541**	—	**62,396,541**
David Morrison (resigned 30 September 2018)	n/a	n/a	**n/a**	—	**n/a**
Jane Tufnell	150,000	—	**150,000**	—	**150,000**
Rosemary Hilary	—	—	**—**	—	**—**
Tim Edwards	60,000	—	**60,000**	—	**60,000**
Total	**89,150,996**	**1,704,787**	**90,855,783**	**6,488,335**	**97,344,118**

2018	Shares held without restrictions	GPS shares subject to restrictions[2]	Total shares held	Share options (not expired)	Total share interests
Executive Directors					
James Wood-Collins	2,354,007	375,408	2,729,415	3,286,667	6,016,082
Leslie Hill	14,029,146	1,008,518	15,037,664	1,800,000	16,837,664
Bob Noyen	8,716,139	324,614	9,040,753	1,800,000	10,840,753
Steve Cullen	925,914	361,076	1,286,990	1,405,000	2,691,990
Non-executive Directors and Chairman					
Neil Record	62,396,541	—	62,396,541	—	62,396,541
David Morrison	40,000	—	40,000	—	40,000
Jane Tufnell	150,000	—	150,000	—	150,000
Rosemary Hilary	—	—	—	—	—
Tim Edwards	—	—	—	—	—
Total	88,611,747	2,069,616	90,681,363	8,291,667	98,973,030

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.

Salary review for the Board

No Company-wide salary increases were awarded in April 2019. In line with this approach, no salary increases were awarded to any of the Executive Directors or Non-executive Directors.

The only salary change made during the year was to increase Jane Tufnell's salary on 1 October 2018 to reflect the change in her role to Senior Independent Director following David Morrison's resignation.

The table below confirms the current salaries for Executive Directors:

	Salary from 1 April 2018 £	**Salary at 1 April 2019 (current salary) £**	Increase £
Executive Directors			
James Wood-Collins	285,913	**285,913**	—
Leslie Hill	285,913	**285,913**	—
Bob Noyen	285,913	**285,913**	—
Steve Cullen	129,997	**129,997**	—
Non-executive Directors and Chairman			
Neil Record	79,310	**79,310**	—
David Morrison (Senior Independent Director until 30 September 2018)	63,654	**n/a**	—
Rosemary Hilary	49,862	**49,862**	—
Jane Tufnell (appointed Senior Independent Director from 1 October 2018)	43,497	**63,500**	46%
Tim Edwards	43,497	**43,497**	—

Total remuneration of Chief Executive Officer (audited information)

The total remuneration of the Chief Executive Officer over the last nine 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								
	2011 £	2012 £	2013 £	2014 £	2015 £	2016 £	2017 £	2018 £	**2019 £**
James Wood-Collins[1]	511,035	604,349	561,573	678,604	641,623	642,865	678,054	655,723	**689,019**
Neil Record[2]	283,850	—	—	—	—	—	—	—	**—**

1. Appointed 1 October 2010.
2. Relinquished role from 1 October 2010.

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

The following table shows the percentage change in the base salary, benefits and annual bonus of the Chief Executive Officer between the year ended 31 March 2019 and the previous financial year compared to the average for all employees of the Group.

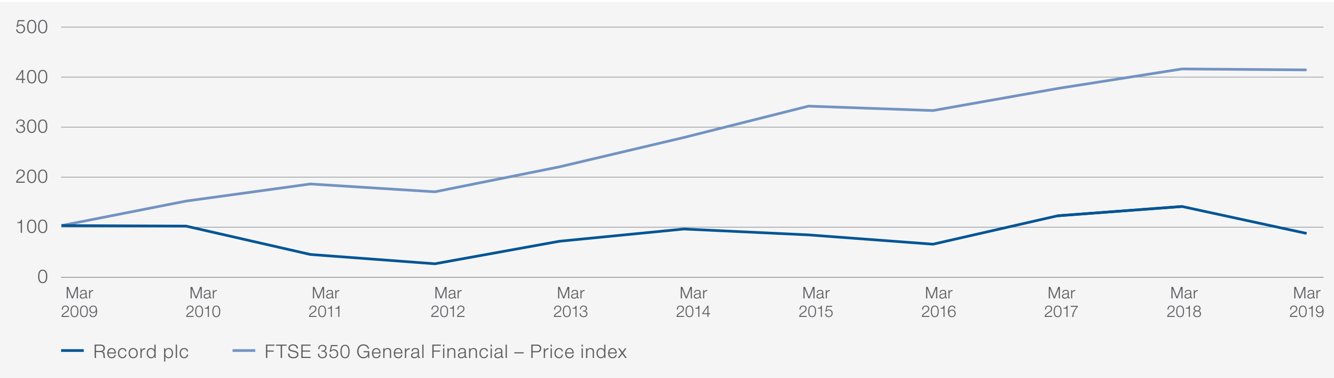
% change in:	Chief Executive	Average for all employees
Base salary	0%	3%
Benefits	No change	No change
Total annual profit share	10%	20%

Governance

REMUNERATION REPORT CONTINUED

Annual report on remuneration continued

Total Shareholder Return performance graph

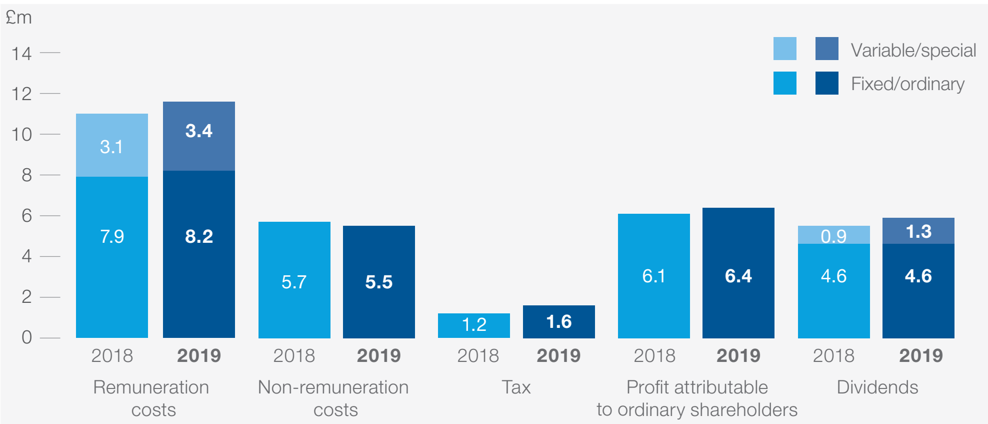


The above graph shows the Group's Total Shareholder Return compared with the FTSE 350 – General Financial Index, and shows the change in the theoretical value of £100 invested in Record plc on 31 March 2009 compared to £100 invested in the FTSE 350 – General Financial Index. The FTSE 350 – General Financial 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 2019 was 28.15p. The highest closing share price during the financial year was 49.05p. The lowest closing share price during the financial year was 28.00p.

Relative importance of the spend on pay

The following table shows the year-on-year movement in total remuneration costs, non-remuneration costs and corporation tax 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:

2019: interim dividend paid in December 2018 of 1.15 pence per share, final dividend proposed of 1.15 pence per share and special dividend of 0.69 pence per share.

2018: interim dividend paid in December 2017 of 1.15 pence per share, final dividend of 1.15 pence per share and special dividend of 0.50 pence per share.

Meetings and attendance

The Remuneration Committee is chaired by Tim Edwards, who is supported by two independent Non-executive Directors, Jane Tufnell and Rosemary Hilary. Tim Edwards joined the Committee upon his appointment in March 2018 and assumed the role of Chairman from 1 October 2018 upon David Morrison's resignation.

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

	Maximum possible attendance	Meetings attended
Tim Edwards	7	7
Jane Tufnell	7	7
Rosemary Hilary	7	7
David Morrison	4	4

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 advisers

The Group participated in a survey conducted by McLagan and received information regarding market rates of pay for staff. McLagan did not provide any direct advice to the Remuneration Committee. The Group paid fees of £14,950 for this information.

External directorships

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

Fees from external appointments

No Executive Directors receive any fees in respect of their external appointments.

Statement of voting at the Annual General Meeting

The following table sets out the voting outcomes in respect of the most recent AGM votes on the Annual Report on Remuneration at the AGM held on 26 July 2018 and the Directors' Remuneration Policy, at the AGM held on 27 July 2017.

	For		Against		Votes withheld	
Annual Report on Remuneration	135,768,697	100%	8,029	0%	0	0%
Directors' Remuneration Policy	134,524,498	100%	119,162	0%	3,000	0%

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chairman of the Committee in May 2019, 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.

Tim Edwards

Chairman of the Remuneration Committee

12 June 2019

Governance
DIRECTORS' REPORT

Directors' report
The information contained in the sections of this Annual Report and Accounts identified below forms part of this Directors' report:

- Strategic report on pages IFC to 35;
- Board of Directors on pages 38 and 39;
- Corporate governance report on pages 40 to 45;
- Nomination Committee report on pages 46 to 48;
- Audit and Risk Committee report on pages 49 to 52;
- Remuneration report on pages 53 to 65;
- Directors' statement of responsibilities on page 69.

Disclosures required under Listing Rule 9.8.4
The information required to be disclosed by Listing Rule 9.8.4 is located within this Directors' Report. The majority of the disclosures required under LR 9.8.4 are not applicable to Record. The applicable sub-paragraph within LR 9.8.4 and related disclosure areas are as follows:

- LR 9.8.4(12) Shareholder waivers of dividends
- LR 9.8.4(13) Shareholder waivers of future dividends
- LR 9.8.4(14) Agreements with controlling shareholders

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. None of the ordinary shares carries any special rights with regard to control of the Company.

The ordinary shares have a premium listing on the London Stock Exchange. Details of structure and changes in share capital are set out in note 20 to the financial statements.

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

As at 31 March 2019 the issued share capital of the Company was 199,054,325 (2018: 199,054,325).

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 2019:

	Number of ordinary 0.025p shares held	Percentage interest
Neil Record	62,396,541	31.35%
Schroders plc	20,458,658	10.28%
Leslie Hill	15,203,928	7.64%
Bob Noyen	9,207,017	4.63%

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 15 June 2018 to 11 June 2019 the Company received one notification in accordance with DTR 5 disclosing changes to voting interests in its ordinary share capital as follows: Schroders plc on 4 July 2018 reporting a shareholding reducing from 12.36% to 10.60%.

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, under LR 9.2.2 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 approved 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 Rule 9.8.4(14), the Board confirms that throughout the period under review:

(i) the Company has complied with the independence provisions in the relationship agreement; and

(ii) so far as the Company is aware, Neil Record and his associates have complied with the independence provisions in the relationship agreement.

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 21 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 complies with the EU Market Abuse Regulation which came into force on 3 July 2016.

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

Power of the Company to issue, buy-back and purchase shares

The Directors manage the Company under the powers set out in the Company's Articles of Association. These powers include the Directors' ability to issue or buy back shares. An ordinary resolution was passed at the 2018 AGM, authorising the Directors to allot new ordinary shares up to an aggregate nominal amount of £16,588, representing approximately one-third of the Company's issued share capital. The Directors intend to seek shareholders' approval for the renewal of this authority at the 2019 AGM. If approved, this authority will expire on 25 October 2020 or, if earlier, at the conclusion of the AGM in 2020.

At the AGM in 2018, shareholders approved a resolution authorising the Company to make purchases of its own shares. A special resolution will be proposed at the AGM to renew the Company's limited authority to purchase its own ordinary shares. This authority will be limited to a maximum of 10% of the Company's issued share capital and will set out the minimum and maximum prices which the Company may pay for any such purchase. If approved, this authority will expire on 25 October 2020, or, if earlier, at the conclusion of the AGM in 2020.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 76.

The Company paid an interim ordinary dividend of 1.15 pence per share on 22 December 2018 to shareholders on the register on 1 December 2018.

The Directors recommend a final ordinary dividend of 1.15 pence per ordinary share for the year ended 31 March 2019, making a total ordinary dividend of 2.30 pence per share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 31 July 2019 to shareholders on the register at the close of business on 28 June 2019. The shares will be quoted ex-dividend from 27 June 2019.

The Board has declared a special dividend of 0.69 pence per share to be paid simultaneously with the final ordinary dividend on 31 July 2019. This equates to a "total distribution" of 2.99 per share, equivalent to 91% of the earnings of 3.27 pence per share for the year.

Shareholder waiver of dividends

The Record Employee Benefit Trust has waived its rights to dividends paid on the ordinary shares held in respect of the Group Share Scheme and the Group Profit Share Scheme. The trust held 2,986,036 shares as at 31 March 2019 (2018: 2,393,432 shares).

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 its financial performance. Further information is contained in note 22 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.

Governance

DIRECTORS' REPORT CONTINUED

Related party transactions

Details of related party transactions are set out in note 26 to the financial statements.

Post-reporting date events

As set out in note 29 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. In addition, 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 on 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. The Group holds no debt.

Accordingly, 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.

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than the twelve months required by the Going Concern provision. Details of the assessment can be found in the Financial review section of the Strategic report on page 29.

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 34 and 35.

Directors

The Directors of the Company who held office at the year end and to date are listed on pages 38 and 39. Directors' remuneration and Directors' interests in Record plc shares are disclosed in the Remuneration report. All the Directors of the Company are also Directors of the Group's FCA regulated entity Record Currency Management Limited.

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.

Directors' conflicts of interest

The Company has procedures in place to identify, authorise and manage conflicts of interest, including of Directors of the Company, and they have operated effectively during the year. In circumstances where a potential conflict arises, the Board (excluding the Director concerned) will consider the situation and either authorise the arrangement in accordance with the Companies Act 2006 and the Company's Articles of Association or take other appropriate action.

All potential conflicts authorised by the Board are recorded in a conflicts register which is maintained by the Company Secretary and reviewed by the Board on an annual basis. Directors have a continuing duty to update the Board with any changes to their conflicts of interest.

Change of control

Directors' and employees' employment contracts do not provide for compensation for loss of office or employment as a result of a change of control. However, the provisions of the Group's employee share schemes may cause awards granted to employees under such schemes to vest on a change of control.

The Group is not party to any significant agreements that would take effect, alter or terminate on a change of control of the Company.

2019 Annual General Meeting

The 2019 Annual General Meeting of the Company will be held at 10.00 am on 25 July 2019 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, together with voting procedures, are given in a Chairman's letter to shareholders and the attached Notice of Annual General Meeting.

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 2019 Annual General Meeting.

By order of the Board:

Joanne Manning
Company Secretary

12 June 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company 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 of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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

Directors' confirmations

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Annual Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been 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 of the Company;
- the Group financial statements, which have been 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 of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Signed on behalf of the Board by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

12 June 2019

Financial statements

Financial statements
INDEPENDENT AUDITOR'S REPORT

to the members of Record plc

Report on the audit of the financial statements
Opinion
In our opinion, Record plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2019 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- 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.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company statements of financial position as at 31 March 2019; the Consolidated statement of comprehensive income, the Consolidated and Company statements of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

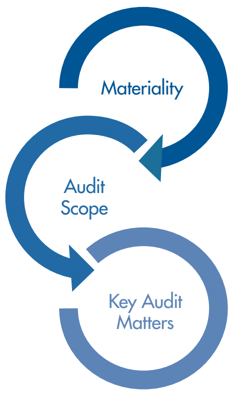
Our opinion is consistent with our reporting to the Audit and Risk Committee.

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

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

Other than those disclosed in note 5 to the financial statements, we have provided no non-audit services to the group or the company in the period from 1 April 2018 to 31 March 2019.



Our audit approach
Overview
Materiality
- Overall group materiality: £399,000 (2018: £366,000), based on 5% of profit before tax.
- Overall company materiality: £55,700 (2018: 52,800), based on 1% of total assets.

Audit scope
- We audited the complete financial information for three legal entities, due to their size and/or risk characteristics.
- Taken together, the territories and functions in the scope of audit work accounted for 96% of the Group's revenues, 98% of the Group's profit before tax and exceptional items and 97% of the Group's total assets.

Key audit matters
- Risk of fraud or error in revenue recognition.

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud
Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to but not limited to, the Companies Act 2006, the Listing Rules, the Financial Conduct Authority's Client Asset Sourcebook and UK tax legislation and equivalent local laws and regulations applicable to significant components, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Listing Rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to the income statement to increase revenue or reduce expenses, inaccurate revenue calculations and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Financial statements

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Record plc

The scope of our audit continued

Capability of the audit in detecting irregularities, including fraud continued

Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of the financial statement disclosures to underlying supporting documentation;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Identifying and testing journal entries, in particular any journal with unusual account combinations;
- Review of minutes of meetings of the Board and the Audit and Risk Committee and other key committees of the Group;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to share based payments; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Risk of fraud or error in revenue recognition Refer to page 52 (Audit and Risk Committee Report) and note 4 – Revenue Revenue, which comprises management fees, performance fees and other income, is the result of business activities as a currency manager. The amount of revenue recognised is manually calculated. There are a number of inherent risks in calculating certain types of revenue, including the interpretation and manual input of key contractual terms and the identification and valuation of applicable Assets Under Management Equivalent (AUME), which could result in fraud or errors. For performance fees there is a further risk of error due to the complexity of the related calculation, in particular in the calculation of the performance of relevant assets compared to a relevant benchmark.	We understood the significant revenue streams and identified where there was a higher risk of fraud or error, due to manual processes or complexity in calculations. We tested the operating effectiveness of key controls in place across the Group relevant to those revenue calculations, including the identification and valuation of AUME and the set-up and maintenance of contractual terms. On a sample basis to a high level of assurance, we agreed the basis of the manual calculation to the contractual terms and agreed key inputs into the manual calculations back to contracts and the Group's underlying system for AUME, which we tested for operating effectiveness of controls, and re-performed calculations. We agreed the sampled calculations to invoice and subsequent cash receipt, where received. Where cash has not been received we have performed alternative procedures over recoverability. For performance fees on a sample basis to a high level of assurance: • We agreed the basis of the performance fees calculation to the contractual terms and agreed the key inputs such as the performance of the underlying assets; • We reviewed the calculation of the benchmark's performance and independently repriced this during the performance period; • We re-performed the calculation of the contract's performance against its benchmarks and assessed whether the fee had crystallised in accordance with the contractual terms and hence had been recognised in the appropriate period; • For a sample of contracts that were eligible to earn performance fees, we checked that these were recognised in the correct period in accordance with the appropriate crystallisation date and contractual terms. Our testing did not identify any evidence of material misstatement.

We determined that there were no key audit matters applicable to the company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group operates within the UK, Switzerland and North America, it also has an Irish fund range. The finance function is centralised in the UK.

In establishing the overall approach to the audit of the Group, we considered our assessment of the risk of material misstatement within each consolidated entity. We concluded that three entities generated significant activities or balances materially relevant to the results of the Group through the consideration of various factors such as their contribution to the Group's profit before tax, their contribution to significant risk areas and each line item in the Group's financial statements. We scoped in individual financial statement line items from non-significant components to provide sufficient evidence over each line item in the Group's financial statements. We determined the audit work that needed to be performed by us, as the Group and component engagement team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£399,000 (2018: £366,000).	£55,700 (2018: £52,800).
How we determined it	5% of profit before tax.	1% of total assets.
Rationale for benchmark applied	Profit before tax is a standard benchmark used in determining materiality.	Total assets is a standard benchmark when determining the materiality of a holding company.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £55,700 and £360,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £20,000 (Group audit) (2018: £18,300) and £3,000 (Company audit) (2018: £2,600) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's and the company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Financial statements

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Record plc

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report. (CA06)

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 29 of 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' explanation on page 29 of 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.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group and company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 69, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
- The section of the Annual Report on page 52 describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 69, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the directors on 29 September 2017 to audit the financial statements for the year ended 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 31 March 2018 and 31 March 2019.

Joanne Leeson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

12 June 2019

Financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

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

The notes on pages 83 to 110 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

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

Approved by the Board on 12 June 2019 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

Company registered number: 1927640

The notes on pages 83 to 110 are an integral part of these consolidated financial statements.

Financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2019

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

Year ended 31 March 2018

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

The notes on pages 83 to 110 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March

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

The notes on pages 83 to 110 are an integral part of these consolidated financial statements.

Financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March

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

The Company's total comprehensive income for the year (which is principally derived from intra-group dividends) was £6,681,076 (2018: £16,688,038).

Approved by the Board on 12 June 2019 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

Company registered number: 1927640

The notes on pages 83 to 110 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2019

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

Year ended 31 March 2018

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

The notes on pages 83 to 110 are an integral part of these consolidated financial statements.

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COMPANY STATEMENT OF CASH FLOWS

Year ended 31 March

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

The notes on pages 83 to 110 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

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

1. Accounting policies

In order to provide more clarity to the notes to the financial statements, accounting policy descriptions appear at the beginning of the note to which they relate, and are shown in 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 2019. The financial statements have been prepared on a historical cost basis, modified to include fair valuation of derivative financial instruments.

The Directors are satisfied that the Company and the Group have adequate resources with which to continue to operate for the foreseeable future. Please refer to the Directors' report on page 68 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

IFRS 9 – Financial Instruments

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

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

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

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

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

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

Management considers that the adoption of IFRS 9 has not had a material impact on the financial statements.

IFRS 15 – Revenue from Contracts with Customers

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

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

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

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

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

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

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

Financial statements

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2019

1. Accounting policies continued

a. Accounting convention continued

Impact of new accounting standards continued

IFRS 15 – Revenue from Contracts with Customers continued

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

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

IFRS 16 – Leases

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

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

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

b. Basis of consolidation

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

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

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

Significant judgement

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

If the Group is in a position to be able to control a fund, then the fund is consolidated within the Group financial statements. Such funds are consolidated either on a line-by-line basis, or if it meets the definition of a disposal group held for sale it is classified and accounted for on that basis. In the case that the Group does not control a fund for the complete reporting period, then the fund is consolidated only for the part of the reporting period for which the Group has control over the entity.

Where the Group controls an entity, but does not own all the share capital of that entity, the interest of the other shareholders' non-controlling interests is stated within equity at the non-controlling interests' proportion of the fair value of the recognised assets and liabilities. In the case of the funds controlled by the Group, the interests of any external investors are recognised as a financial liability as investments in the fund are not considered to be equity instruments.

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

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

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

c. Foreign currencies

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

d. Financial instruments

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

e. Impairment of assets

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

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

f. Provisions and contingent liabilities

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

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

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

g. Equity

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

2. Critical accounting estimates and judgements

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

The estimates and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. As a consequence actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Areas of significant judgement – consolidation of seed funds

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

Sources of estimation uncertainty

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

Financial statements

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2019

3. Segmental analysis

The Directors, who together are the entity's Chief Operating Decision Maker, consider that its services comprise one operating segment (being the provision of currency management services) and that it operates in a market that is not bound by geographical constraints. The Group provides Directors with revenue information disaggregated by product, whilst operating costs, assets and liabilities are presented on an aggregated basis. This reflects the unified basis on which the products are marketed, delivered and supported. Revenue analysed by product is provided in note 4.

4. Revenue

Revenue recognition

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

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

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

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

a. Revenue from contracts with customers

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

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

b. Contract receivables

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

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

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

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

c. Geographical analysis

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

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

d. Major clients

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

5. Operating profit

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

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

Financial statements

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2019

6. Staff costs

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

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

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

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

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

7. Taxation – Group

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

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

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

The standard rate of UK corporation tax for the year is 19% (2018: 19%). A full corporation tax computation is prepared at the year end. The actual charge as a percentage of the profit before tax may differ from the underlying tax rate. Differences typically arise as a result of capital allowances differing from depreciation charged, and certain types of expenditure not being deductible for tax purposes. Other differences may also arise.

The tax charge for the year ended 31 March 2019 was 19.5% of profit before tax (2018: 16.1%).

8. Earnings per share

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

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

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

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

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

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

9. Dividends

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

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

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

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

10. Retirement benefit obligations

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

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

The pension cost charge disclosed in note 6 to the accounts represents contributions payable by the Group to the funds.

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2019

11. Property, plant and equipment – Group

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

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

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

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

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

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

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

12. Intangible assets

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

- Software – 2 to 5 years

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

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

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

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

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

Financial statements

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2019

13. Investments

Company

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

	2019 £'000	2018 £'000
Investment in subsidiaries (at cost)		
Record Currency Management Limited	**10**	10
Record Group Services Limited	**10**	10
Record Portfolio Management Limited	**10**	10
Record Currency Management (US) Inc.	**—**	—
Record Currency Management (Switzerland) GmbH	**16**	16
Trade Record Ltd	**40**	—
Record Fund Management Limited	**—**	—
N P Record Trustees Limited	**—**	—
Total investment in subsidiaries (at cost)	**86**	46
Capitalised investment in respect of share-based payments		
Record Group Services Limited	**1,108**	978
Record Currency Management (US) Inc.	**85**	77
Record Currency Management (Switzerland) GmbH	**2**	—
Total capitalised investment in respect of share-based payments	**1,195**	1,055
Total investment in subsidiaries	**1,281**	1,101

Particulars of subsidiary undertakings

Name	Nature of business
Record Currency Management Limited	Currency management services (FCA, SEC and CFTC registered)
Record Group Services Limited	Management services to other Group undertakings
Record Currency Management (US) Inc.	US advisory and service company (SEC and CFTC registered)
Record Currency Management (Switzerland) GmbH	Swiss advisory and service company
Trade Record Ltd	Prize competition allowing subscribers to trade virtual money across asset classes
Record Portfolio Management Limited	Dormant
Record Fund Management Limited	Dormant
N P Record Trustees Limited	Dormant trust company

The Group's interest in the equity capital of subsidiary undertakings is 100% of the ordinary share capital in all cases except for Trade Record Ltd ("Trade Record") in which the Group's interest is 40% of the ordinary share capital. Record Currency Management (US) Inc. is incorporated in Delaware (registered office: Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808) and Record Currency Management (Switzerland) GmbH is incorporated in Zürich (registered office: Münsterhof 14, 8001 Zürich). Trade Record is registered in England and Wales with its registered office at 1 Poultry, London EC2R 8JR. All other subsidiaries are registered in England and Wales with their registered office at Morgan House, Madeira Walk, Windsor, Berkshire, SL4 1EP, UK.

Investment in Trade Record

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

Investment in funds

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

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

Group

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

Investment in Trade Record

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

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

Investment in funds

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

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

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

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

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

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14. Deferred taxation – Group

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

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

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

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

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

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

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

At the year end there were share options not exercised with an intrinsic value for tax purposes of £44,534 (2018: £945,864). On exercise the Group will be entitled to a corporation tax deduction in respect of the difference between the exercise price and the strike price. There is no unprovided deferred taxation.

15. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowances. The amortised cost of trade and other receivables is stated at original invoice value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material.

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

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

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

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The Group has not renegotiated the terms of any receivables in the year ended 31 March 2019. The Group's trade receivables are generally short-term and do not contain significant financing components. Therefore, the Group has applied a simplified approach by using a provision matrix to calculate lifetime expected credit losses based on actual credit loss experience. The Group has calculated lifetime expected credit losses to be £nil, which is consistent with the last 25 years history of credit risk and reflects expected future recoverability issues.

16. Derivative financial assets and liabilities

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

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

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

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

Derivative financial instruments held to hedge non-sterling based assets

At 31 March 2019 there were outstanding contracts with a principal value of £5,940,246 (31 March 2018: £9,951,185) for the sale of foreign currencies in the normal course of business. The fair value of the contracts is calculated using the market forward contract rates prevailing at 31 March 2019. The Group does not apply hedge accounting.

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

Derivative financial instruments held to hedge non-sterling based assets	2019 £'000	2018 £'000
Net (loss)/gain on forward foreign exchange contracts at fair value through profit or loss	(242)	424

Derivative financial instruments held for trading

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

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

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

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

Derivative financial instruments held for trading	2019 £'000	2018 £'000
Net gain on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	–	53

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17. Cash management

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

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

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

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

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

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

18. Current liabilities

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

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

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

	Group		Company	
Current tax liabilities	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Corporation tax	692	399	14	–

19. Financial liabilities

Record plc has made investments in a number of funds where it is in a position to be able to control those funds by virtue of the size of its holding. When Record plc is not the only investor in such funds and the external investment instrument does not meet the definition of an equity instrument under IAS 32 then the instrument is classified as a financial liability. The financial liabilities are measured at cost plus movement in value of the third party investment in the fund.

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

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

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

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

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

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

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

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

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20. Issued share capital

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

	2019		2018	
	£'000	**Number**	£'000	Number
Authorised				
Ordinary shares of 0.025p each	**100**	**400,000,000**	100	400,000,000
Called up, allotted and fully paid				
Ordinary shares of 0.025p each	**50**	**199,054,325**	50	199,054,325

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

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

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

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

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

Further information regarding the Record plc share-based compensation plans and relevant transactions made during the year is included in note 21.

21. Share-based payments

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

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

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

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

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

a. Group Profit Share Scheme

Share-based payments with cash alternatives

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

The Group Profit Share Scheme allocates a proportion of operating profits to a profit share pool to be distributed between all employees of the Group. The Remuneration Committee has the discretion to vary the proportion allocated to the profit share pool between 25% and 35% of operating profits. Directors and senior employees receive one third of their profit share in cash, one third in shares ("Earned Shares") and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares. The charge to profit or loss in respect of Earned Shares in the period was £804,422 (2018: £682,758). Other employees receive two thirds of their profit share in cash and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares.

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

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

Shares awarded under the Group Profit Share Scheme do not include any vesting restrictions but rather restrictions over subsequent sale and transfer. All shares which are the subject of share awards vest immediately and are transferred to a nominee allowing the employee, as beneficial owner to retain full rights in respect of the shares purchased. However, these shares cannot be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee except as follows:

- Earned Shares – one third on each anniversary of the Profit Share Payment date; and
- Matching Shares and Additional Shares received in respect of elections made prior to 1 October 2017 – the third anniversary of the Profit Share Payment date for Directors and senior employees and the second anniversary of the Profit Share Payment date for all other employees.

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

Shares awarded under this scheme have been purchased in the market.

b. The Record plc Share Scheme

Equity-settled share-based payments

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

The fair value of options granted is measured at grant date using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted and using quoted share prices.

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

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

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

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

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

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

Expected volatility is based on historical volatility.

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

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21. Share-based payments continued

b. The Record plc Share Scheme continued

Outstanding share options

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

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

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

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

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

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

Performance measures

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

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

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

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

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

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

Clawback provisions

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

c. The Record plc Share Incentive Plan

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

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

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2019

22. Financial risk management

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

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

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

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

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

Credit risk

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

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

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

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

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

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

At 31 March 2019	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	4,654	4,369	285	—
Accrued income	1,888	1,888	—	—
Total	**6,542**	**6,257**	**285**	**—**
		96%	**4%**	**0%**

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

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

Trade receivables are made up of 57 debtors' balances (2018: 52). The largest individual debtor corresponds to 19% of the total balance (2018: 18%). Debtor days, based on the generally accepted calculation of debtor days, is 68 days (2018: 81 days). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2019, 4.4% of debt was overdue (2018: 12.4%). No debtors' balances have been renegotiated during the year or in the prior year.

Liquidity risk

The Group is exposed to liquidity risk, namely that it may be unable to meet its payment obligations as they fall due. The Group maintains sufficient cash and marketable securities to be able to meet all such obligations. Management review cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet the future working capital requirements and to take advantage of business opportunities. The average creditor payment period is 21 days (2018: 22 days).

Contractual maturity analysis for financial liabilities:

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

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

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2019

22. Financial risk management continued

Interest rate risk

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

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

Interest rate profiles

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

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

Foreign currency risk

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

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

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

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

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

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

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

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

Foreign currency risk – sensitivity analysis

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

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

Sterling/US dollar exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis and market expectations for future movement. When applied to the average sterling/USD exchange rate of £/$1.31 this would result in sterling weakening to £/$1.18 and sterling strengthening to £/$1.46.

Sterling/Swiss franc exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis and market expectations for future movement. When applied to the average sterling/CHF exchange rate of £/CHF1.30 this would result in sterling weakening to £/CHF1.18 and sterling strengthening to £/CHF1.44.

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

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2019

23. Fair value measurement

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

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

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

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

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

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

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

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

Classes and fair value of financial instruments

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

Categories of financial instrument

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

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

24. Operating lease commitments

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

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

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

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2019

25. Cash flow from operating activities

Group

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

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

Company

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

26. Related parties transactions

Company

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

Transactions with subsidiaries

The Company's subsidiary undertakings are listed in note 13, which includes a description of the nature of their business.

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

Amounts owed to and by related parties will be settled in cash. No guarantees have been given or received. No provisions for doubtful debts have been raised against amounts outstanding (2018: £nil). No expense has been recognised during the year in respect of bad or doubtful debts due from related parties.

Investment in Trade Record

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

Group

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

Key management personnel compensation

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

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

Directors' remuneration

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

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

Transactions with Trade Record Ltd

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

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2019

27. Capital management

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

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

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

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

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

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

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

28. Ultimate controlling party

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

29. Post reporting date events

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

FIVE YEAR SUMMARY

	Restated			Audited	
Year ended 31 March	2015 £'000	2016 £'000	2017 £'000	2018 £'000	**2019 £'000**
Management fees	20,255	20,941	22,718	23,497	**22,308**
Performance fees	480	315	—	—	**2,333**
Other revenue	70	163	234	337	**332**
Revenue	20,805	21,419	22,952	23,834	**24,973**
Cost of sales	(148)	(221)	(298)	(311)	**(385)**
Gross profit	20,657	21,198	22,654	23,523	**24,588**
Operating expenses	(13,373)	(14,123)	(15,067)	(16,424)	**(16,704)**
Other income / (expenditure)	60	(154)	157	173	**(8)**
Operating profit	7,344	6,921	7,744	7,272	**7,876**
Net interest	146	143	112	56	**113**
Profit before taxation	7,490	7,064	7,856	7,328	**7,989**
Taxation	(1,708)	(1,523)	(1,540)	(1,182)	**(1,559)**
Profit after taxation	5,782	5,541	6,316	6,146	**6,430**
Basic EPS (pence)	2.66	2.55	2.91	3.03	**3.27**
Ordinary dividend (pence)	1.65	1.65	2.00	2.30	**2.30**
Special dividend (pence)	—	—	0.91	0.50	**0.69**

Additional information

DEFINITIONS

"AIFMD"	Alternative Investment Fund Managers Directive
"Articles"	The Articles of Association of the Company
"AUME"	Assets under management equivalents
"Board"	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
"EM"	Emerging Markets
"EPS"	Earnings per share
"ESG"	Environmental, social and governance
"ETF"	Exchange traded fund
"EU"	European Union
"FRB"	Forward Rate Bias
"Group" or "Record"	The Company and/or any one of its subsidiary undertakings
"IAS"	International Accounting Standards
"IFRS" or "IFRSs"	International Financial Reporting Standards
"IPO"	Initial Public Offering
"KPI"	Key Performance Indicator
"KRI"	Key Risk Indicator
"LGPS"	Local Government Pension Schemes
"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

AUME definition

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

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

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

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

Principal UK trading subsidiaries

Record Currency Management Limited

Registered in England and Wales
Company No. 1710736

Record Group Services Limited

Registered in England and Wales
Company No. 1927639

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 2019 dividend

Ex-dividend date	27 June 2019
Record date	28 June 2019
Annual General Meeting	25 July 2019
Final dividend payment date	31 July 2019

Registrar

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

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

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