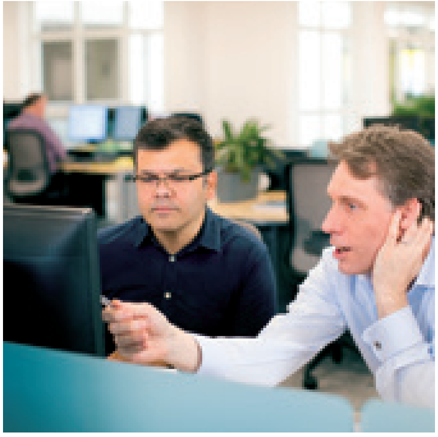
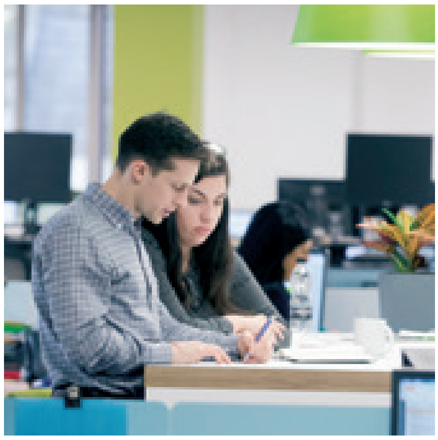
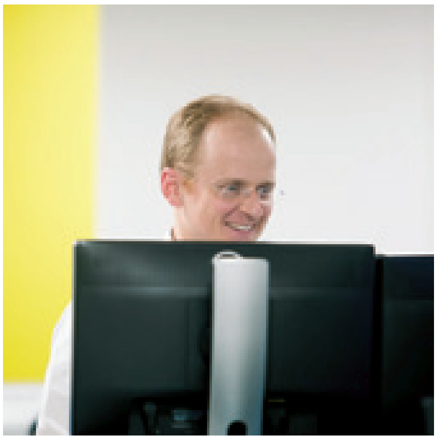






Record plc

Annual Report 2017

ABOUT US

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

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

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

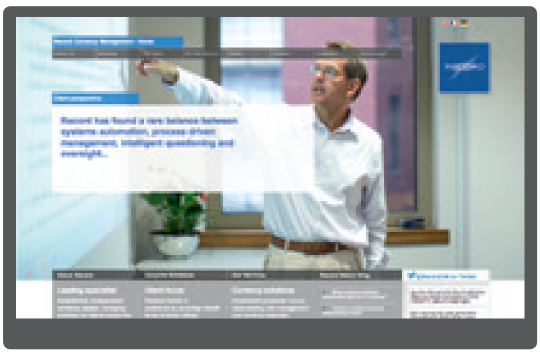
Our clients benefit from our experience, and from the continuity and consistency with which we apply that experience. We also attach importance to continuity of leadership and management. Record plc is listed on the Main Market of the London Stock Exchange, and is majority-owned by its Directors and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

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

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

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

visit us online
www.recordcm.com



linkedin.com/company/record-currency-management

twitter.com/RecordCurrency

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OUR HIGHLIGHTS

Assets Under Management Equivalents

$58.2bn

2016: $52.9bn

+10%

Clients

59

2016: 58

+2%

Revenue

£23.9m

2016: £21.1m

+13%

Profit before tax

£8.7m

2016: £6.9m

+26%

Earnings per share

2.91p

2016: 2.55p

+14%

Ordinary dividend per share

2.00p

2016: 1.65p

+21%

Special dividend per share

0.91p

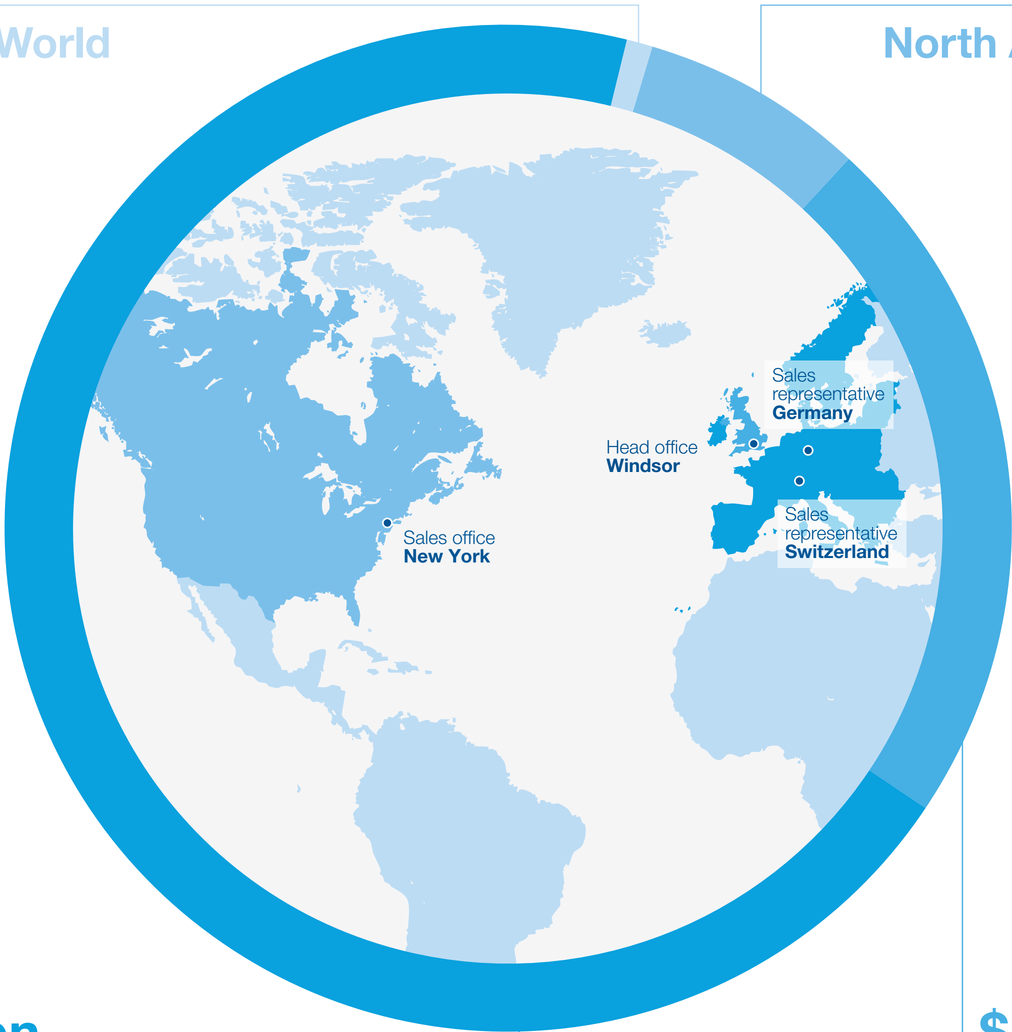
2016: nil

WHERE WE OPERATE

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

AUME
$0.4bn
Rest of World

AUME
$5.9bn
North America



AUME
$39.3bn
Continental Europe

AUME
$12.6bn
United Kingdom

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

The Group's Head Office is in Windsor, UK from where all of its operations are performed and controlled. The Group also has a US office in New York, and a sales representative based in Germany. Since the end of the financial year, Record has opened an office in Zürich, Switzerland. In addition to these main markets, we continue to explore new geographical markets which we believe may offer attractive opportunities.

Regions

Our clients are located in:

- United Kingdom
- Canada
- Cayman Islands
- United States
- Belgium
- Channel Islands
- Germany
- Luxembourg
- Netherlands
- Portugal
- Switzerland
- Sweden
- Singapore

CHAIRMAN'S STATEMENT

The Board is recommending a 21% increase in ordinary dividend to 2.00 pence per share and a special dividend of 0.91 pence per share.

Neil Record
Chairman

Overview

The twelve months ending 31 March 2017 have proved to be turbulent, with major political surprises, along with significant economic and regulatory changes affecting the financial services industry in general and foreign exchange markets in particular. Exchange rates have reacted to political surprises, in some cases markedly.

The UK's vote to leave the European Union in June caused a major adjustment in foreign exchange markets with an immediate and dramatic decrease in the value of sterling of 11% against the US dollar, and weakness against all other major currencies in the year ending 31 March 2017. Sterling finished the year down 13% against the US dollar, 9% down against the Swiss franc and just over 7% down versus the euro.

Elections in the US later in the year also caused surprise amongst investors, with President Trump's economic ambitions being viewed optimistically by markets and proving to be supportive of the US dollar, which ended the year having strengthened against most major currencies.

Interest rates broadly remain at historically low levels (with most major economies' negative in real terms), although global central bank policy proved more divergent in the second half of the year with the US Federal Reserve announcing rate increases in December 2016 and March 2017. In contrast, a rate decrease was announced by the Bank of England in August 2016, and the Bank of Japan remained in negative interest rate territory since its decrease in January 2016. Official bond-buying continued under the umbrella of Quantitative Easing in the UK, the EU and Japan.

The year also saw the first of a series of regulatory changes, with the introduction of mandatory collateralisation on some foreign exchange contracts between major market counterparties. This will be extended to more market participants during the current financial year. Regulatory focus on investment management has also continued with the Financial Conduct Authority's Asset Management Market Study, and the industry's preparations for MiFID II.

Capital and dividend policy

Since the financial crisis of 2008 and 2009, the Board's focus has been on building a robust business by continuing to develop its diverse suite of currency-related products and strategies, by investing in our people and infrastructure, and by building a strong and liquid balance sheet and regulatory capital buffer.

Over this period, the yardstick for our balance sheet has been broadly to hold excess capital equivalent to two years' worth of overheads excluding variable remuneration. With net assets of £41.6 million, own cash[1] of £29.2 million; a surplus over regulatory capital (adjusted

1. "Own cash" includes Group assets managed as cash excluding non-controlling interests (see Financial statements note 16).

for the final and special dividends referred to below) of £23.1 million and overheads of £11.7 million, the current capital structure, with a surplus of just under 24 months, reflects this policy.

As discussed further in the Business Review, Record has reported its highest-ever AUME, increased revenues and earnings, and further growth in revenue diversification, with revenues from Passive Hedging now covering all overheads excluding variable remuneration. Given this, the Board has decided that conditions are now right for a change in the capital policy. The new policy will be 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. This new policy will still ensure a significant capital buffer over regulatory requirements.

Consequently the Board is considering the return of approximately £10 million of excess capital to shareholders so that our capital structure conforms to our new policy. Record will provide an update on this to the market shortly.

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. In line with such policy and improved profitability, the Board is recommending a 21% increase in the ordinary full year dividend to 2.00 pence per share. The interim dividend of 0.825 pence per share was paid on 23 December 2016, and the final ordinary dividend of 1.175 pence per share, subject to shareholders' approval, will be paid on 2 August 2017 to shareholders on the register at 30 June 2017.

In my statement last year I confirmed 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 to shareholders, potentially in the form of special dividends. The Board is pleased to announce a special dividend equal to the excess of basic earnings over ordinary dividends, equivalent to 0.91 pence per share to be paid simultaneously with the final dividend.

In the future, the Board intends to pursue a progressive ordinary dividend policy, with dividends expected to be paid equally in respect of an interim and a final dividend.

In setting the interim and final dividends, the Board will be mindful of setting a level of ordinary dividend payments which it expects to be at least covered by earnings and which allows for future sustainable dividend growth by the business in line with the trend in profitability. The Board intends to continue its approach of considering returning to shareholders any excess of earnings over the sum of ordinary dividends for the financial year and increased capital requirements, normally in the form of special dividends.

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 excess capital assessed as required under the policy described above.

Group strategy

The Group believes its core strategies remain appropriate to achieve sustainable growth in the business. Our primary focus is still maintaining our existing revenue base and growing this further through excellent client service and relationships.

Constant innovation is key to meeting the needs of our clients in a challenging environment. One of the Group's key strengths is its flexibility which is demonstrated in its capability to adapt products, processes or distribution methods, and to tailor its approach to suit individual client requirements.

This innovation can be seen in each of our established products, where our strategy has been continually to enhance the value proposition offered to clients in order to resist competitive pressures on revenue margins. This is particularly true in the case of Passive Hedging, which can be mis-characterised by others as a commodity service, but which instead offers growing opportunities to save costs and add value for clients. Both Dynamic Hedging and Multi-Strategy have also benefited from enhancements to their investment process, and combinations of these products are increasingly tailored to specific clients' needs.

The Board

There were a number of important changes made to the Board during the year.

Cees Schrauwers and Andrew Sykes stepped down from the Board as non-executive directors during the year, having each served a full nine-year term on the Board and hence no longer having been deemed independent under the UK Corporate Governance Code from November 2016. I would like to thank them both most warmly for their commitment and valuable guidance over the past nine years and wish them both well for the future.

Following the conclusion to a succession plan starting in late 2014, and allowing for a period of smooth transition and handover, we welcomed Rosemary Hilary to the Board as non-executive director in June 2016, having previously also welcomed Jane Tufnell to the Board in September 2015. Following the resignations of Cees and Andrew in September 2016, Rosemary succeeded Cees as Audit and Risk Committee Chair, David Morrison was appointed Senior Independent Director and Chair of the Remuneration Committee, and Jane Tufnell was appointed Chair of the Nomination Committee.

Outlook

Global financial markets continue to experience a mix of predicted and unexpected developments. Whilst the outcome of the French presidential election was as anticipated by markets, both the United Kingdom and United States by contrast continue to experience political instability. Elections in Germany and elsewhere in Europe, as well as the ongoing Brexit negotiations, still contain the capacity to surprise. Geopolitical instability, whether from the Middle East or South East Asia, also continues to have an impact on markets.

This environment continues to provide opportunities to engage with clients, to understand their objectives, and to develop tailored solutions. Record has the strategies, track records, operational systems and most importantly the people to do so.

Record's success is a consequence of the hard work, commitment and professionalism of our people. On behalf of the Board, I would like to thank everyone at Record for their valuable contribution towards this success.

Neil Record
Chairman

15 June 2017

CHIEF EXECUTIVE OFFICER'S STATEMENT

The environment of political uncertainty and change creates opportunities for Record to demonstrate its full range of currency management skills.

Record is reporting growth in AUME, underlying revenues and underlying earnings. Whilst much of the growth in sterling terms can be attributed to sterling's depreciation, it is also pleasing to note AUME growth in US dollar terms, taking AUME to its highest level in Record's history.

The environment of political uncertainty and change, and the resultant significant moves in currency markets, have focused investors' attention on the opportunities presented by currency management. We have seen inflows throughout the year in Hedging strategies and in Currency for Return, and we continue to see interest in a diversified range of opportunities amongst investors around the world.

AUME

$58.2m

+ 10%

AUME increased by 10% in US dollar terms – its highest ever level.

James Wood-Collins
Chief Executive Officer

Underlying revenues[2]

£23.1m

+ 9%

Underlying profit before tax

£7.9m

+ 13%

Market overview

Financial markets have been dominated by political events in the year to 31 March 2017, most notably the UK's vote to leave the EU and the election of President Trump. Partly as a result, markets around the world have been slow to return to conventional interest rate policies, although the modest moves to higher US dollar rates have brought about some divergence. The net effect has included a marked depreciation of sterling over the financial year; the US dollar moved sideways in the first half of the year, before undergoing a notable rally following the election in November. The ongoing European election cycle brings with it the prospect of further market volatility as the question of sustainability of the EU, and by extension the euro, is revisited.

At the market structure level, differences have emerged between money market interest rates and those implied in foreign exchange forward contracts which have not generally been observed historically, as set out further on page 19. This creates relative winners and losers, as well as opportunities for Record's clients. Regulation is one of the unintended drivers of this phenomenon. Other regulatory changes have required us to dedicate significant resources throughout the year to understanding the impact of such changes on each of our clients and engaging with clients to help them meet the new requirements.

Investment performance

UK-based Dynamic Hedging programmes allowed UK investors to capture gains in their underlying overseas exposures as sterling depreciated, by keeping hedge ratios low throughout the period.

US-based Dynamic Hedging clients saw losses from currency on international assets when valuing positions in US dollars, as the US dollar strengthened. Record's Dynamic Hedging product increased hedge ratios in line with US dollar strength, though programmes experienced negative hedging returns overall due to the costs associated with varying the hedge ratios in the first half of the year, when the US dollar traded in a relatively narrow range.

All of Record's Currency for Return strategies have performed positively in the period. Carry strategies yielded positive returns from all currency selections other than a short position in the Japanese yen, which ended the year up against higher interest rate currencies. In the case of Emerging Markets, positive returns were generated over the period as emerging market currencies generally appreciated against a basket of developed market currencies. Value performed markedly positively over the year, in part benefiting from long positions in the Japanese yen and the US dollar. Momentum generated positive returns through a short position in the pound.

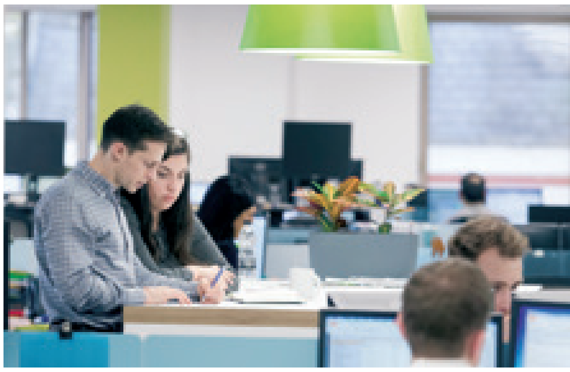
Asset flows and financial performance

AUME[1] increased by 10% in US dollar terms over the financial year to \$58.2 billion, and by 26% in sterling terms to £46.6 billion – its highest ever level. There were net inflows of \$3.2 billion in the year, with the majority coming from our Hedging products comprising Passive Hedging inflows of \$2.5 billion and Dynamic Hedging inflows of \$0.7 billion. There were also inflows to Currency for Return of \$0.3 billion as our Multi-Strategy offering continued to gain interest from clients. Our Multi-product mandates had outflows of \$0.4 billion. The aggregate impact of external factors (i.e. equity and other market movements and the impact of exchange rates over the period) was +\$2.1 billion. Client numbers increased to 59.

Underlying revenues increased by 9% to £23.1 million. The increase was principally due to the impact of sterling weakness on the conversion of the 82% of management fees that are denominated in currencies other than sterling. Record's costs before Group Profit Share remuneration grew by 5%, most of which can be attributed to the office relocation which took place in November 2016. These factors combined with continued discipline in other cost areas allowed the Group to record an underlying operating margin of 34%, underlying profit before tax of £7.9 million, and basic earnings per share of 2.91 pence.

1. During the year ended 31 March 2017, Record introduced a new product category ("Multi-product") in order to redefine the boundaries between existing products, and combinations of products, and redefined how AUME is measured for this new category. A full reconciliation of AUME under the new classification and the historic classifications is provided on page 103. All AUME data in the main body of this report is provided using the new classification basis.
2. The Group uses non-GAAP measures such as "underlying revenue" and "underlying operating profit". These measures are calculated by removing the impact of non-controlling interests from the normal GAAP measures presented in the financial statements calculated in accordance with IFRS. The Group believes that these non-GAAP measures provide a useful indication of the performance of the business.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED



Strategic progress

Record's strategic progress over the year can be measured against each of the objectives set out on pages 10 and 11.

Client relationships

Our strategy of building trusted individual relationships with clients and their advisers remains unchanged. During the year we have seen the emergence of clearer themes amongst investors as to their preferences in managing currency risk and opportunity. In the US, currency risk management has risen higher on investors' agendas with the rally in the US dollar and the recognition of the impact of political events on currency markets. Switzerland has long been a core market for Record, and we have increased the resources committed to this market with the opening of an office in Zürich since the financial year-end. In all markets the strong performance track record of Multi-Strategy is encouraging interest. The UK market is more challenging as sterling's weakness has caused cash outflows from clients' hedging programmes, and time and attention has to be focused on meeting regulatory requirements.

Innovation

Enhancement of existing products and development of new ones is a constant feature at Record, driven by clients' needs and market opportunities. We have prioritised the expansion of our capabilities in cash and collateral management. The need to do so comes from a number of sources – legislation mandating variation margin for FX forwards, our plans to support a greater range of derivative overlays, and the opportunity to help clients suffering from low yields and growing cash requirements. We have also continued to enhance our Passive Hedging offering, emphasising to clients its bespoke nature, and the opportunity to take advantage of market opportunities even within a fixed hedge ratio constraint. The range of exchange-traded funds offered by WisdomTree Investments, Inc. that track indexes using Record's hedging signals has continued to grow and has won industry awards.

People

We have continued to attract, retain and develop high quality people, principally through intern programmes and graduate and early-stage career hires. We then focus on internal development and retention of these individuals. When recruiting staff early in their careers some subsequent attrition is inevitable, but this also creates a growing pool of alumni with whom we maintain strong relationships. We have largely succeeded in retaining key staff in a highly competitive employment market. The working environment for staff is part of the Group's retention strategy, hence we have focused on the environment in our expanded office in Windsor, have moved our US office from Atlanta to New York, and have opened an office in Zürich since the end of the financial year. We are proposing changes to our remuneration structures including to conform conditions between Approved and Unapproved options and thereby enhance the alignment of interests with external shareholders.

Find out more about our strategy and objectives
on pages 10 and 11

Risk management

The Group takes a proactive approach to developing its systems, people and processes, in order to improve management of the operational risk that we assume from clients and to meet the demands of emerging regulatory requirements. We have implemented new systems to support our collateral management function and have developed a new system to improve our exposure capture and rebalancing processes for Hedging mandates. We have continued to invest in our cyber-security defences. The Group has committed resources to prepare for the implementation of MiFID II, and to manage the effects of the UK exiting the European Union. Record is well placed to manage the risks arising from these events and will continue to keep developments under review.

Growth

We have achieved growth in client numbers (58 to 59), AUME ($52.9 billion to $58.2 billion), management fees (£20.9 million to £22.7 million) and underlying revenues (£21.3 million to £23.1 million) over the period. We have deployed additional resources in North America and Switzerland and have sustained efforts in our other core markets of the United Kingdom and continental Europe. We continue to explore opportunities in other markets.

Profitability

The Group's underlying profitability has increased. Underlying profit before tax increased from £7.0 million to £7.9 million over the period. Revenues benefited from improved conversion rates for revenues denominated in currencies other than sterling. The underlying operating margin has increased to 34%.

Outlook

From a diverse picture of investors' preferences a year ago, clearer themes have now emerged. In particular, currency risk management has risen on US investors' agendas, and we continue to commit significant resources to pursuing these opportunities. The strong performance of Multi-Strategy continues to attract investor interest. The Group has increasingly focused on its bespoke and differentiated approach to Passive Hedging when engaging with current and prospective clients and their advisers, and we continue to broaden our capabilities in cash and collateral management.

There is no evident end to political uncertainty and change, which creates opportunities for Record to demonstrate its full range of currency management skills to clients. All of Record's management and staff remain focused on maintaining and enhancing our relationships with existing clients, as well as developing new client relationships and continuing to grow the business.

James Wood-Collins
Chief Executive Officer

15 June 2017

STRATEGY AND OBJECTIVES

We are a specialist currency manager.

	Client relationships	**Innovation**	**People**
	Building strong, long-term "trusted adviser" relationships with our clients	**Devising and implementing new products and strategies** **Enhancing existing products and strategies**	**Attracting, developing and retaining high-quality people**
Benefits:	• Understanding our clients' needs and concerns fully helps us to develop effective solutions and to identify new business opportunities • Good relationships lead to client longevity and support for new ideas	• Bespoke solutions meet unique client requirements and differentiate Record from our competitors • Innovative solutions enhance premium brand and reputation and resist fee erosion • Enhances product diversification of our business	• Ensures high quality and continuity of products and service to clients • Talent retention key to long-term success of business • Succession planning enhanced through internal candidates
Risks to delivery:	• Underperforming products or products failing to meet client objectives lead to risk of client and reputational loss • Change of clients' or Record's personnel can put relationships at risk • **Link to Principal risks:** Reputational, Key personnel, Investment, Investment consultant	• Bespoke solutions may be less scalable and represent more operational risk than standard products • Products are susceptible to changes in external factors e.g. economic factors, market sentiment and volatility • **Link to Principal risks:** Economic, Reputational, Concentration, Intervention, Liquidity	• Buoyant market leads to attractive alternative opportunities and risk of upward pressure on fixed remuneration • Entrepreneurial individuals may wish to broaden their experience elsewhere • **Link to Principal risks:** Reputational, Key personnel, Operational, Investment consultant
Measured by:	• Number of clients • Management fees	• New business or clients won for bespoke mandates or new strategies • Growth in seeded funds through external investment	• Employee retention rates • Average number of employees
Progress made in year:	**KPI: Client numbers** **59** +2% **Management fees** **£22.7m** +8%	• Majority of mandates starting in period utilised Record's ability to deliver non-standard programmes • Collaboration with WisdomTree extended to provide signals used to dynamically hedge currency exposures in their newly-launched Canadian rules-based index family	**Staff retention** **85%** -3% **Average number of employees during the year** **73** +4
Expectations:	• Changing political and economic environment will maintain volatility and may lead to more diverse interests and objectives of clients • Continued focus on liquidity and cash flow in low yield and highly regulated environment will lead to opportunities for more bespoke mandates and complementary services alongside current product range	• Further development of our cash and liquidity management capabilities • Further enhancement to strategies across the whole suite of products	• Focus on selective recruitment and retention to continue • Identify and develop talented individuals at early stages of their career to maximise potential • We are proposing changes to our remuneration structures to enhance the alignment of interests with external shareholders

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.

Risk management	Growth	Profitability
Maintaining a robust operational model underpinned by a strong risk management framework	**Growing AUME**	**Operating a scalable and profitable business model**
• Reinforces client confidence and trust • Minimises cost of errors and complaints	• Fundamental to creating long-term shareholder value • Enhances reputation and stability of organisation • Leads to increase in revenue streams • Supports development of business and talent	• Fundamental to creating long-term shareholder value • Enhances liquidity in shares • Assists attraction and retention of talent
• Increasing costs of infrastructure, people, and processes • More bespoke mandates give rise to higher risk of errors • **Link to Principal risks:** Reputational, Operational, Treasury	• Changes in product mix towards lower margin mandates decreases overall profitability • Business scalability can be affected by AUME type (i.e. less scalable bespoke mandates) • **Link to Principal risks:** Concentration, Reputational, Key personnel, Investment, Economic, Intervention	• Profitability sensitive to size and concentration of client base • Market competition may lead to reduced margins • Business scalability can be affected by product mix • **Link to Principal risks:** All
• Investment in systems • Formal complaints	• AUME movement in year	• Underlying operating profit margin • Basic EPS • Dividends paid
• Significant project to develop client exposure data management system completed in year • Further development to enhance efficiency of data management for Passive Hedging clients nearing completion by year end • MiFID II gap analysis completed • Complaints: none (2016: none)	**KPI: AUME** **$58.2bn** +10%	**KPI: Underlying operating profit margin** **34%** +1% **KPI: Basic EPS** **2.91p** +14% **Ordinary dividends** **2.00p** +21% **Special dividends** **0.91p**
• Implement new data management system for Passive Hedging clients • Continued investment in developing and upgrading core systems • Implementation of action plan for system enhancements addressing forthcoming regulatory changes e.g. MiFID II	• Continued political and economic uncertainty in global markets may result in volatility of asset flows linked to more bespoke mandates • Complementary services may assist in developing growth in overall AUME • Strong performance and five year track record for Multi-Strategy may lead to heightened interest in Currency for Return	• More bespoke products may be less scalable and affect profitability – conversely flows into funds are very scalable • Flows into Currency for Return products offer higher margins • Full year impact of increase in occupancy costs arising from new leases, including new offices in New York and Zürich, will affect profitability

KEY PERFORMANCE INDICATORS

Measuring our success against our strategy.

Indicator	
AUME	We aim to grow AUME by building long-term relationships with clients, and developing new products and enhancing existing products resulting in net inflows to AUME
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
Average management fee rates	The Group aims to provide a premium level of service and expertise in exchange for a fair level of remuneration
Underlying operating profit margin[1]	The Group aims to increase operating profit margin through firm cost control whilst building profitable revenue streams
Basic earnings per share ("EPS")	The Group's objective is to create shareholder value over the long term, reflected in consistent growth in EPS

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

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

How we performed this year:

- AUME increased by +10% in US dollar terms (+26% in pound sterling terms), including net inflows totalling $3.2 billion for the year, and finishing the year at its highest ever level.

- Client numbers grew for the fifth consecutive year and reached 59 at the end of the year

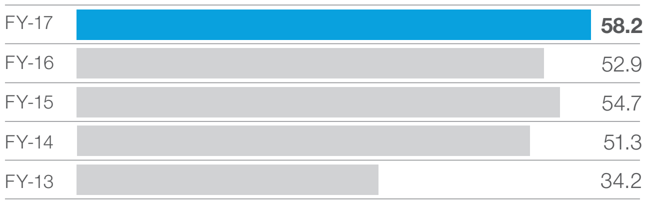
- A new product category ("Multi-product") was introduced during the year to reflect those current and future clients having combined hedging and return-seeking objectives
- Fee rates for Dynamic and Passive Hedging were broadly maintained during the year
- Aggregate Currency for Return fee rates on AUME have decreased including as a result of increasing portfolio sizes for mandates with defined volatility targets, where the fee rate is linked to the target volatility as explained on page 25

- Underlying operating profit margin increased to 34% for the year

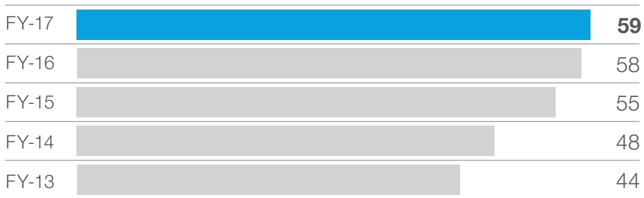
- Basic EPS increased by 14% for the year

Performance history:

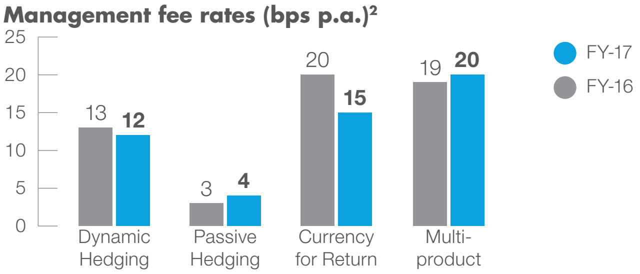
AUME ($ billion)[2]



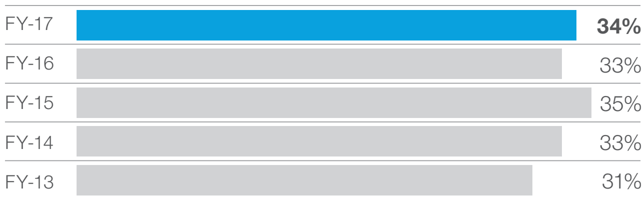
Client numbers



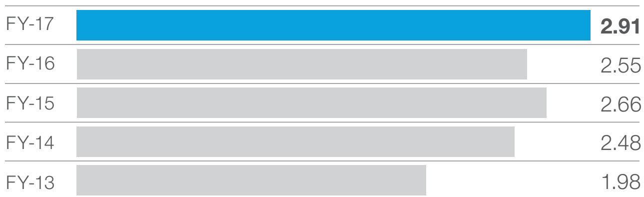
Management fee rates (bps p.a.)[2]



Underlying operating profit margin



EPS (pence per share)



2. During the year, Record introduced a new product category (Multi-product) and redefined how AUME is defined for this category. Prior year data has been restated on the revised basis. A full reconciliation of new and historic classifications is provided on page 103.

BUSINESS MODEL

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

Who we are

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

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

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

Our clients

Client relationships are the keystone to 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.

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

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Deep understanding of clients' needs

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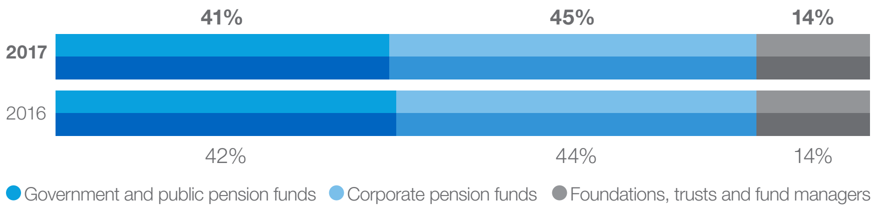
AUME by client type
31 March

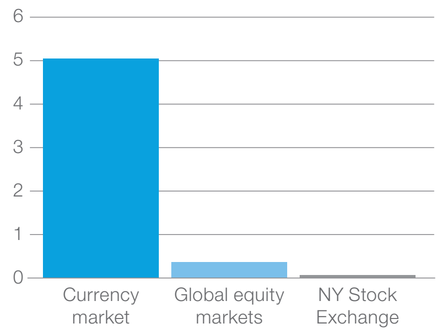


Our market

The currency market represents the biggest and most liquid market available with exceptionally low transaction costs and daily FX volumes averaging $5.1 trillion per day. The FX market is essential to global trade and finance and includes a high proportion of not-for-profit or forced participants, resulting in profit-seeking financial institutions continuing to represent a minority of FX market participants. Consequently, the market displays persistent patterns of behaviour or inefficiencies which Record believes are best exploited by quantitative, systematic processes.

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

Daily trading volume[1]
$ billion

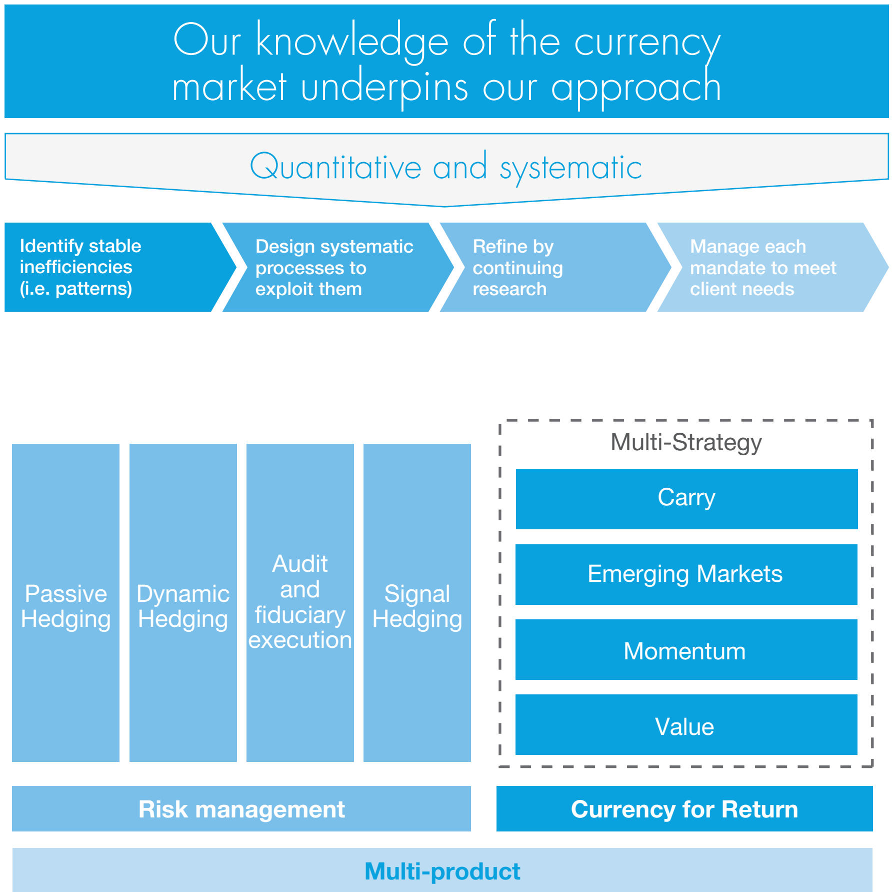


1. Source: BIS Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives Markets (December 2016), WFE. Please note WFE global equity trading volume numbers do not include non-member statistics.

The Group has good track records for its Dynamic and Passive Hedging products over 34 and 18 years respectively and now has a good track record approaching five years for its Currency Multi-Strategy return-seeking product. It has established itself both in the eyes of clients and their investment consultants as a respected specialist in this sector.

What we do

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



Our products and services

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

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

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

Multi-product mandates are designed to achieve the combined objectives of risk-reduction and return-seeking for certain clients. Record has the capability to combine selected elements of the Currency Hedging and Currency for Return products to address each individual client's requirements.

Currency Hedging: AUME $54.5 billion

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

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BUSINESS MODEL CONTINUED

Passive Hedging: AUME $48.2 billion

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. They require execution and operational expertise to a greater extent than investment judgement and are designed to minimise transaction costs and make resultant cash flows easier to manage. Furthermore, our experience enables us to tailor each client's mandate to suit their particular needs – for example in managing bank counterparty exposure, in offering independent trading relationships, and in managing the inherently high operational risk associated with such mandates.

Dynamic Hedging: AUME $6.3 billion

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

Currency for Return: AUME $1.0 billion

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

Record's longer-established return-seeking strategies, the Carry and Emerging Market currency strategies, are founded on market risk premia and as such perform more strongly in "risk on" environments. By contrast, Value and Momentum strategies are founded on market inefficiencies which are more behavioural in nature. As such they are less risk-sensitive, with Value strategy returns relatively insensitive to risk sentiment and Momentum strategy returns potentially inversely correlated to risk sentiment. It is this diversification of response to risk sentiment that makes Multi-Strategy an attractive approach for generating a return from currency for potential clients. Furthermore, the Multi-Strategy approach, which reaches the fifth anniversary of its live track record in July 2017, can be used as a flexible "overlay" to help clients achieve a variety of investment objectives.

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 by buying selected developed market higher interest rate currencies and selling selected lower interest rate currencies.

One of Record's medium to long-term aims is to develop currency as an asset class in its own right. The "asset class project", which started in 2009, saw the launch of a currency index, the FTSE Currency FRB10 Index, in December 2010. Record launched a pooled fund, the Record Currency – FTSE FRB10 Index Fund, to track this FTSE index and invested £1 million in December 2010. Performance data for this and the other strategies discussed here can be found on page 21.

Emerging Market Currency

Emerging market currencies offer investors an opportunity either to seek a return from such currencies or to seek to separate the currency effect from the underlying overseas domestic asset performance (typically equities or bonds). Record believes that as a result of convergence in the levels of economic output between emerging and developed markets, holding emerging market currencies offers the benefit of real exchange rate appreciation as well as typically offering higher positive real yields. This currency appreciation has historically been a significant contributor of returns to (developed market) holders of emerging market assets including equities and bonds. Consequently we regard emerging market currency strategies as an attractive route through which to implement emerging market local currency debt strategies, offering substantially the same elements of return, with significant implementation benefits including no direct capital commitment in the emerging market, lower administration, custody and transaction costs, broader coverage, and greater flexibility and security.

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

Currency Momentum

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

Currency Value

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

Multi-Strategy

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

Multi-product: AUME $2.5 billion

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. These mandates tend to be more susceptible to changes in market volatility, and are therefore more variable in nature, attracting different levels of fees.

Other products

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

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

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

Distribution

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

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

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

Our people

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

Recruitment

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

The Group has continued to recruit very selectively throughout the year in order to maintain a flexible, scalable platform for future growth. The number of employees (including Directors) in the Group increased during the year, and headcount at 31 March 2017 was 75 (2016: 72).

Staff retention, motivation and development

An effective performance review and objective-setting process, personal development planning including the development of career paths, together with our open and inclusive office culture, are all key priorities in the development and retention of our staff. In addition, the Group Share Scheme, the Group Profit Share Scheme and the Group Share Incentive Plan ("SIP") promote the acquisition of equity in the Company by staff, improving motivation and retention, as well as aligning employees' interests with those of our clients and shareholders. At 31 March 2017, the proportion of employee shareholders stood at 68% (2016: 69%). 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.

Another factor considered crucial to the attraction, retention and motivation of staff is the physical office environment and how this affects both the productivity and wellbeing of our employees. During the year, the business moved offices due to the cessation of the existing first floor lease at Morgan House. Following refurbishment, the Group moved into floors two and three in the same building at the end of November 2016. The new lease gave the business the opportunity to have a new office incorporating more space designed around the wellbeing of employees, in addition to modernising the more formal client-facing spaces and upgrading the communication technology used throughout the business.

We are proposing changes to our remuneration structures including to conform conditions between Approved and Unapproved options for employees below Executive Director level and thereby enhance the alignment of interests with external shareholders.

Our infrastructure

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

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

MARKET REVIEW

Record's flexibility and ability to adapt its processes enable it to meet an increasing demand for bespoke currency solutions from clients and to address tactical objectives driven by market events.

Financial markets in general, and FX markets in particular, were dominated in the year to 31 March 2017 by political events, most notably the UK's vote to leave the EU and the election of President Trump. Partly in reaction to the uncertainties these implied, markets around the world have been slow to return to conventional interest rate policies, although the modest moves to higher US dollar rates have brought about some divergence. At the market structure level, differences between money market interest rates and foreign exchange forward contracts have created relative winners and losers.

Political events

In the year to 31 March 2017 political events largely took markets by surprise, as well-anticipated events yielded unexpected outcomes. The first event was the UK's vote on EU membership in June, which concluded with the vote to leave by 52% to 48%. With no precedent and with the result threatening to unravel the UK's trading arrangements with the EU, the pound fell to a 31-year low against the US dollar. As newly appointed PM Theresa May announced her intention to pursue a 'hard Brexit', the currency took a further step lower in October before trading sideways for the rest of the period.

November saw the second political upset for the year with Donald Trump's US Presidential election victory. Almost as notable as the election result was the euphoric asset market response which saw US bond yields jump from multi-year lows on account of Trump's Reagan-inspired economic prospectus. Unlike Brexit, the Reagan era provided a historical precedent for the US dollar, which notably appreciated as markets anticipated significant fiscal easing and the prospect of a more hawkish central bank. By the start of 2017, the US dollar's rally had begun to lose momentum as markets waited for clarity on Trump's reflationary policy.

Towards the end of the financial year, focus shifted towards the ongoing European election cycle which promises to fuel currency market volatility as crucial questions around the long-term sustainability of the EU, and by extension the euro, are revisited.

Monetary policy and interest rates

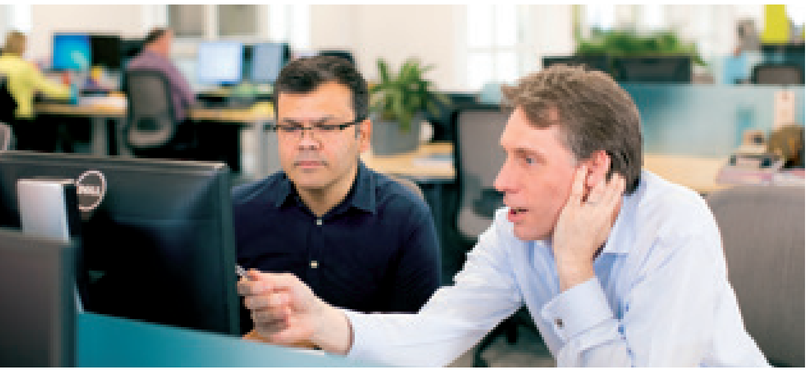
Since the onset of the global financial crisis, interest rates in developed markets have remained extraordinarily low, and in some cases below what was previously thought as the zero lower bound. Over the past year the monetary policy divergence previously anticipated did not fully come to fruition despite a backdrop of recovering commodity prices, improved global growth prospects and restored risk sentiment. While the United States took significant steps towards monetary policy normalisation, hopes of normalisation elsewhere were either thwarted by political outcomes such as Brexit or mired by longer-run structural forces.

In the United States the Federal Reserve took a year-long pause following its first move towards interest rate normalisation in December 2015. Inflation moved sideways for the first seven months of the calendar year and the US dollar showed a similar lack of direction, range-trading up until the election date in November. Before the financial year ended, a confluence of factors led the Federal Reserve to hike the federal funds target rate twice more; once in its December meeting and again in the March meeting, causing the US dollar to rally into the new year.

The Bank of England in the first half of the financial year contended with the impact of Brexit and took precautionary measures to ease financial conditions. In August the Bank cut interest rates to an historic low of 0.25 percent, and restarted its asset purchase facility and its term funding scheme. In the second half of the financial year, forewarned dire economic consequences of a Brexit vote were yet to materialise, and the Bank of England began revising upwards projections of inflation and growth, although this failed to pass through noticeably to short-term interest rates. Political risk and easing policy weighed on the pound, which weakened against all G10 currencies over the financial year.

The European Central Bank and the Bank of Japan both continued to pursue exceptionally easy monetary policy in order to support prices and to exert downward pressure on their currencies. In December the ECB chose to extend its quantitative easing programme until at least December 2017. The Bank of Japan took new and innovative measures to combat deflation in September by explicitly setting a ten-year bond yield target of zero percent, which was particularly effective as global yields shifted upwards following the US election.

The Swiss National Bank (SNB) faced much of the same economic dilemmas this financial year as last. Although the SNB had abandoned the 1.20 cap against the euro, the currency remains inextricably linked to developments in the Eurozone, so the SNB kept interest rates deeply negative at -0.75 percent. The Swiss franc fluctuated throughout the financial year and overall depreciated marginally against a basket of G10 currencies.



Basis

Since early 2016, Record and other market observers have become increasingly aware of the breakdown in the historic relationship between money market interest rates and those implied in foreign exchange forward contracts, which have historically been held in lockstep. The newly-emerged the gap between these is referred to as the basis. The breakdown of this relationship and the emergence of the basis is largely due to changes in the structure of money markets and new banking capital adequacy regulations. These have significantly reduced the capacity of the banking system and other market participants to prevent the emergence of the basis through arbitrage. The size and direction of the basis, can be largely explained by mismatches in global demand for hedging, arising out of the imbalances between the extent to which for example US dollar denominated assets are held outside the United States, compared to the extent to which non-US dollar denominated assets are held within the United States.

The basis can act to the advantage of certain of our clients, if it increases the interest rate benefit from hedging or reduces its cost, or conversely to the disadvantage of others. Whether the basis is beneficial or detrimental to any particular client depends on that client's location and exposure currencies. For clients that are disadvantaged, Record can employ hedging strategies that attempt to minimise the basis cost, while new opportunities have arisen for clients who reside on the advantageous side of the basis.

Regulation

The year to 31 March 2017 saw the first implementation of market reforms and new regulations in over-the-counter foreign exchange derivative markets. These regulations are being promulgated in the European Union, the United States, Switzerland, Canada, Singapore, Australia, and other jurisdictions.

Whilst the general thrust of regulation is common across jurisdictions, there remain important implementation differences. This is particularly true regarding the introduction of mandatory variation margin and in some cases initial margin on foreign exchange derivative contracts. As a result Record has dedicated significant resources during the year to a series of detailed mandate-by-mandate reviews, analysing the jurisdiction of each client, each bank counterparty with which they trade, and each category of instrument they trade, to assess the specific requirements being imposed on each client and to help clients meet those requirements. Some of our clients were affected from 1 March 2017; many more clients will be affected from January 2018.

As of the date of this report, the market-wide impact of such changes has been muted, with no evident differences in pricing between those market participants that have to exchange margin and those that do not. There have however been a number of consequences that were likely unintended by regulators, such as the handicaps imposed on European Union banks when trading with certain categories of non-European Union counterparty.

Effects on Record's strategies

Results for UK- and US-based Dynamic Hedging clients were necessarily driven by the impact of shifting political and economic expectations on the strength or weakness of the pound and the US dollar. For UK investors, sterling's depreciation created currency gains in foreign currency investments, and Dynamic Hedging allowed clients to keep most of these gains by holding hedge ratios at low levels. For US investors, the dollar's path was more variable in the first half of the year, generating costs in the Dynamic Hedging programmes, although dollar strength in the second half generated gains partially offsetting earlier losses.

With respect to return-seeking currency strategies, all four principal strands – Carry, Emerging Markets, Value and Momentum – generated positive performance throughout the year. Although market attention was dominated by idiosyncratic events focused on the UK and the US, the consistent approach each of these strategies takes to a diversified group of currencies allowed currency behaviour further from the spotlight, such as commodity-dependent emerging market currencies, or more minor developed market currencies, also to be rewarded. Since the rationale for combining these four strands is that we expect diversification between them, positive performance from all four should be seen as the exception rather than the norm.

OPERATING REVIEW

Product investment performance

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

The performance of our Dynamic Hedging product depends on how the foreign currencies change in value relative to the base currency of a client. During the year, mandates for our UK-based Dynamic Hedging clients performed as expected in terms of allowing clients to benefit from periods of strengthening foreign currencies, whilst being protected against periods of weakening foreign currencies. For our US-based Dynamic Hedging clients, costs associated with a sideways-moving US dollar led to negative hedging returns.

UK investors saw underlying gains from currency over the year as sterling weakened against all G10 currencies following the UK's decision to leave the EU, leading to higher sterling valuations for foreign currency investments. UK-based Dynamic Hedging programmes began the period with hedge ratios close to zero, and remained low throughout the year as the currency depreciated further, thus containing hedging losses and allowing UK investors to capture gains in the underlying overseas exposures.

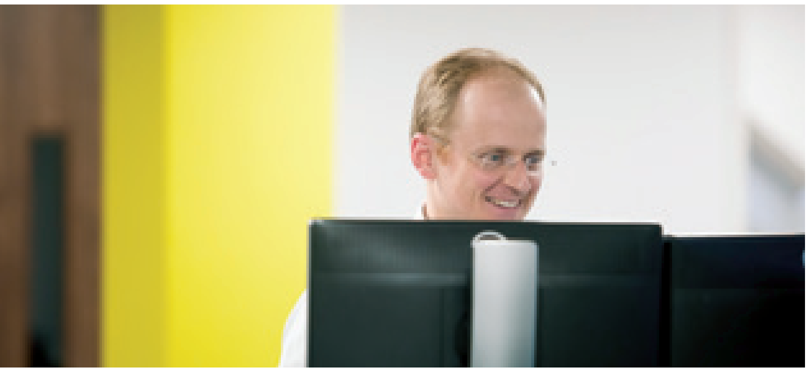
US investors saw losses from currency on international assets when valuing positions in US dollars, as the US dollar strengthened against most G10 currencies on account of expectations for stimulatory fiscal policy, corporate tax cuts and a potential border adjustment tax. Record's Dynamic Hedging product increased hedge ratios in line with US dollar strength, though programmes experienced negative hedging returns due to the costs associated with varying the hedge ratios in the first half of the year, as the US dollar traded in a relatively narrow range.

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

During the period, all Record Active Forward Rate Bias portfolios had been transitioned to the FRB10 Index strategy as part of account restructuring processes agreed with the respective clients. The Forward Rate Bias Index product uses more diversified allocations without active risk control and similarly aims to buy selected higher interest rate developed market currencies and sell selected lower interest rate currencies. This year saw positive returns from all currency selections other than a short position in the Japanese yen, which ended the year up against higher interest rate currencies. 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 will continue to generate long-term returns.

Record's Emerging Market Currency Fund generated positive returns over the period as emerging market currencies generally appreciated against a basket of developed market currencies. Returns in the fund were mainly attributable to the appreciation of the Russian rouble, Brazilian real and South African rand, which appreciated as an improvement in global growth prospects saw commodity prices rise throughout the period. In addition, the diversified developed market shorts contributed positively to performance as the US dollar appreciated against the euro, Japanese yen and pound sterling.

Record's Multi-Strategy mandates combining Carry, Emerging Market, Momentum and Value strategies delivered positive performance over the period. Gains were driven by positive returns in all four strands. In the Value strategy, returns were primarily driven by long positions in the Japanese yen and the US dollar. The US dollar appreciated over the year as the Federal Reserve delivered two interest rate hikes during the period, and as markets anticipated fiscal stimulus following Donald Trump's surprise Presidential election win. Positive returns in the Momentum strand were driven by a short position in the pound, which depreciated significantly in the run up to, and following the UK's decision to leave the European Union in June. Gains in the Carry strategy were driven by a long position in the New Zealand dollar which appreciated as commodity export prices recovered, and a short position in the Swedish krona which depreciated on account of a dovish policy stance by the central bank, despite a stream of positive economic data.



Fund name	Gearing	Return for 12 months to 31 March 2017	Return since inception (p.a.)	Volatility since inception (p.a.)
FTSE FRB10 Index Fund[1]	1.8	**8.09%**	2.10%	7.32%
Emerging Market Currency Fund[2]	1	**10.37%**	1.58%	6.53%

Index/composite returns	Return for 12 months to 31 March 2017	Return since inception (p.a.)	Volatility since inception (p.a.)
FTSE Currency FRB10 GBP Excess return[3]	**4.45%**	2.04%	4.62%
Currency Value[4]	**1.37%**	2.93%	3.13%
Currency Momentum[5]	**2.06%**	1.82%	3.78%
Record Multi-Strategy composite[6]	**6.82%**	2.48%	2.45%

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. FTSE Currency FRB10 GBP Excess return data is since December 1987, GBP base.
4. Currency Value return data is since inception in July 2012, CAD base.
5. Currency Momentum return data is since inception in July 2012, CAD base.
6. Record Multi-Strategy composite is since inception in July 2012, showing excess return data gross of fees in USD base.

Gearing

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

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

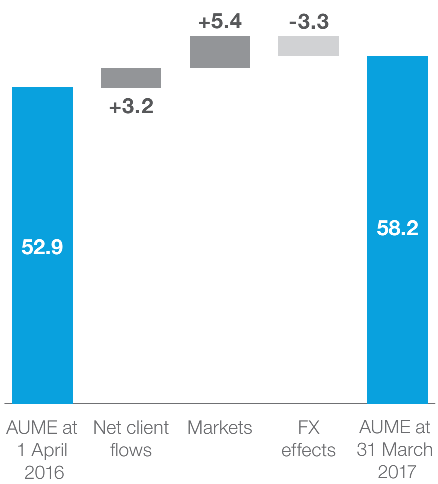
AUME development

AUME increased by 10% during the year ended 31 March 2017, finishing the year at AUME of $58.2 billion (2016: $52.9 billion).

When expressed in sterling, AUME increased by £9.8 billion to £46.6 billion (2016: £36.8 billion).

AUME development bridge

$ billion



OPERATING REVIEW CONTINUED

AUME movements

The Group has seen net inflows of $3.2 billion during the year arising from inflows from both new and existing clients of $9.2 billion offset by outflows of $6.0 billion.

Passive Hedging AUME continued to grow reaching $48.2 billion by the end of the year (2016: $43.4 billion), an increase of 11%. Net inflows of +$2.5 billion were from a combination of new and existing clients with the net impact of external factors contributing a further +$2.3 billion.

Dynamic Hedging benefited from inflows of +$0.7 billion, being partially offset by external factors with an impact of $0.5 billion, ending the year at $6.3 billion (2016: $6.1 billion).

Currency for Return AUME was boosted by inflows of +$0.3 billion to our Multi-Strategy product contributing to an increase from $0.6 billion to $1.0 billion over the period.

Multi-product AUME was broadly unchanged with outflows of -$0.4 billion being offset by the net impact of external factors of +$0.3 billion.

Equity and other market performance

Record's AUME is affected by movements in equity and other market levels because substantially all the Passive and Dynamic Hedging, and some of the Multi-product mandates, are linked to equity and other market levels. Market performance increased AUME by $5.4 billion in the year to 31 March 2017.

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.

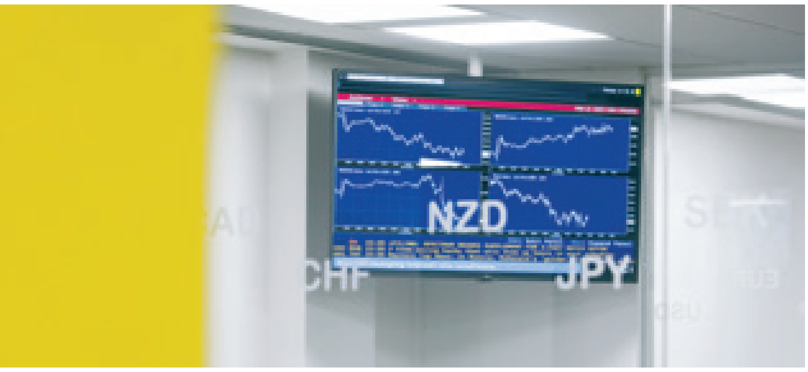
AUME composition by underlying asset class as at 31 March 2017

	Equity %	Fixed income %	Other %
Dynamic Hedging	98%	–%	2%
Passive Hedging	29%	42%	29%
Multi-product	–%	–%	100%

Forex

The percentage of the Group's AUME which is non-US dollar denominated is 90%. The foreign exchange impact of the conversion of non-US dollar mandate sizes into US dollar AUME had the impact of decreasing AUME by $3.3 billion over the year. This movement does not have an equivalent impact on the sterling value of fee income.

At 31 March 2017, the split of AUME by base currency was 21% in sterling, 58% in Swiss francs, 10% in US dollars, 10% in euros and 1% in other currencies.



Product mix

AUME composition by product

	31 March 2017		31 March 2016	
	US $ billion	**%**	US $ billion	%
Dynamic Hedging	**6.3**	**11%**	6.1	12%
Passive Hedging	**48.2**	**83%**	43.4	82%
Currency for Return	**1.0**	**2%**	0.6	1%
Multi-product	**2.5**	**4%**	2.6	5%
Cash	**0.2**	**-%**	0.2	-%
Total	**58.2**	**100%**	52.9	100%

We have seen AUME growth across most product lines over the period, with the exception being a modest AUME reduction in our Multi-product category. As a result there has been no significant movement in product mix. With inflows of $2.5 billion in the year, Passive Hedging now represents 83% at 31 March 2017 (2016: 82%) whilst Dynamic Hedging represents 11% at 31 March 2017 (2016: 12%) with inflows of $0.7 billion in the period. Multi-product represented 4% of total AUME at 31 March 2017 (2016: 5%) as a result of net outflows of $0.4 billion in the period.

Client numbers

After a fifth consecutive year of growth, client numbers reached 59 at 31 March 2017 (2016: 58). The net increase of one client over the year was comprised of nine new clients and eight clients whose mandates were terminated, including six associated clients whose mandates were terminated in the last quarter of the year.

AUME composition by product and base currency

	Dynamic Hedging		Passive Hedging		Currency for Return		Multi-product	
Base currency	**31 March 17 billion**	31 March 16 billion	**31 March 17 billion**	31 March 16 billion	**31 March 17 billion**	31 March 16 billion	**31 March 17 billion**	31 March 16 billion
Sterling	**GBP 1.7**	GBP 1.9	**GBP 7.8**	GBP 5.9	**—**	—	**—**	—
US dollar	**USD 4.3**	USD 3.3	**USD 0.7**	USD 0.4	**USD 0.7**	USD 0.3	**USD 0.2**	USD 0.6
Swiss franc	**—**	—	**CHF 31.6**	CHF 30.2	**—**	—	**CHF 2.3**	CHF 1.9
Euro	**—**	—	**EUR 5.4**	EUR 2.7	**—**	—	**—**	—
Canadian dollar	**—**	—	**—**	—	**CAD 0.4**	CAD 0.3	**—**	—
Singapore dollar	**—**	—	**SGD 0.1**	SGD 0.1	**—**	—	**—**	—
Swedish krona	**—**	—	**SEK 2.4**	—	**—**	—	**—**	—

FINANCIAL REVIEW

In a strong year for the Group, we are pleased to report our highest ever value of AUME, which finished the year at $58.2 billion.

Overview

In a strong year for the Group, we are pleased to report our highest ever value of AUME, which finished the year at $58.2 billion (+10%), driven predominantly by asset flows of +$3.2 billion (2016: -$2.3 billion) and increases in underlying equity and other market movements of +$5.4 billion (2016: +$0.4 billion). Client numbers increased for the fifth successive year, reaching 59 at the year-end, and now standing a third higher than they were four years ago (44).

The Group's total revenue increased by 13% over last year, assisted by the tailwind afforded by sterling depreciation following the UK referendum vote and its effect on those Group revenues denominated in the base currencies of our clients, when retranslated into sterling.

Total operating expenditure (excluding variable remuneration costs) increased by 5% over the prior year, driven by increases in both personnel costs and non-personnel costs, at 4% and 7% respectively. Variable remuneration costs relating to the Group Profit Share ("GPS") scheme increased by 10% in line with the increase in underlying operating profit (calculated before GPS).

As a result of above, the operating profit margin increased to 36% (2016: 32%) for the year, leading to an increase in profit before tax of 26% over the prior year.

Steve Cullen
Chief Financial Officer

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Revenues	Profit before tax	Earnings per share
£23.9m	£8.7m	2.91p
+ 13%	+ 26%	+ 14%

Profit and loss (£m)	2017	2016
Revenue	23.9	21.1
Cost of sales	(0.3)	(0.2)
Gross profit	23.6	20.9
Personnel (excluding Group Profit Share Scheme)	(7.1)	(6.8)
Non-personnel cost	(4.6)	(4.3)
Total expenditure (excluding Group Profit Share Scheme)	(11.7)	(11.1)
Group Profit Share Scheme	(3.3)	(3.0)
Operating profit	8.6	6.8
Operating profit margin	36%	32%
Net interest received	0.1	0.1
Profit before tax	8.7	6.9
Tax	(1.6)	(1.5)
Profit after tax	7.1	5.4

Revenue

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

Revenue analysis (£m)	2017	2016
Management fees	22.7	20.9
Performance fees	–	0.3
Other income	1.2	(0.1)
Total	23.9	21.1

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

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

Management fees

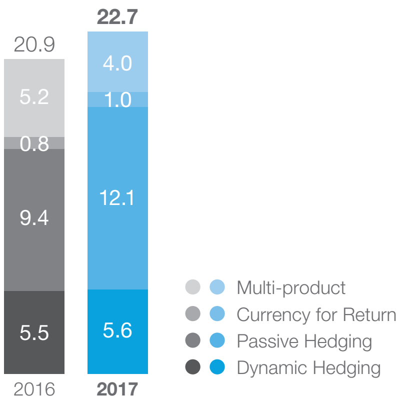
Income from management fees earned during the year was £22.7 million, an increase of 9% over the previous year.

Passive Hedging management fees grew by 29% and account for over half (53%) of all management fees, providing a stable source of revenue which now covers the annual operating expenses (excluding variable remuneration costs) of the business. The increase in Passive Hedging management fees was primarily driven by net AUME inflows totalling $2.5 billion during the year, assisted by the effects of translating fees charged in clients' base currencies during a period of sterling weakness.

Management fees from Dynamic Hedging remained broadly level with last year at £5.6 million despite the full year impact this year of the loss of management fees from a £900 million client mandate announced in October 2015, albeit offset by inflows of $0.7 billion, again assisted by translation effects.

Inflows of $0.4 billion into Currency for Return mandates in the year alongside sterling translation effects resulted in a 25% increase to related management fees for the year. Total Multi-product management fees decreased by 23% as a consequence of net outflows of -$0.5 billion in the year, further underlining the variability of certain mandates.

Management fees by product (£m)



Average management fee rates for all product lines have remained broadly constant throughout the year ended 31 March 2017.

Average management fee rates by product (bps)	2017	2016
Dynamic Hedging	12	13
Passive Hedging	4	3
Currency for Return	15	20
Multi-product	20	19

Aggregate Currency for Return fee rates on AUME have decreased including as a result of increasing portfolio sizes for mandates with defined volatility targets, 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 correlations between strategies have increased, 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.

FINANCIAL REVIEW CONTINUED

Performance fees

Performance fees can be earned either from Currency for Return or Dynamic Hedging programmes, dependent on the individual client agreement. Record had two mandates during the financial year incorporating a performance fee component, both of which are Dynamic Hedging mandates. There was no performance fee earned in the year (2016: £0.3 million).

Other income

Other income is principally from gains made on forward foreign exchange contracts employed by the funds seeded by the Group and consolidated under IFRS, and includes gains of £0.8 million consolidated on behalf of the Non-controlling interests invested in the funds. Revenue from the licensing agreement with WisdomTree and hedging gains or losses on revenues denominated in currencies other than sterling, and other foreign exchange gains or losses are also included.

Expenditure

Operating expenditure

Group operating expenditure (excluding variable remuneration) increased by 5% to £11.7 million for the year. Personnel costs increased by 4% over the prior year in line with the growth in employee numbers, which rose from an average of 69 last year to 73 this year. An increase in non-personnel costs of 7% was driven predominantly by the increase in occupancy costs associated with a new lease on larger offices for Record's headquarters in Windsor UK, plus moving the US office from Atlanta to New York, both at higher market rentals than was previously the case (see note 23 on page 100 of the financial statements for further detail).

Group Profit Share Scheme

The Group operates a Group Profit Share Scheme such that a long-term average of 30% of underlying operating profit before Group Profit Share ("GPS") is made available to be awarded to staff. The Remuneration Committee has agreed that for the year ended 31 March 2017, the Group Profit Share Scheme is 30% of pre-GPS operating profit. This represents £3.3 million, an increase of 10% over the previous financial year and in line with Group financial performance. Directors and senior management in Record are required to take a proportion of this remuneration in the form of shares which are subject to lock-up arrangements under the scheme rules.

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

Operating profit and margins

On a fully consolidated basis, the operating profit for the year increased by 26% to £8.6 million and the Group operating margin increased to 36% (2016: 32%).

Management also considers operating profit and profit before tax on an "underlying" basis, which excludes the impact of the income and expenditure attributable to non-controlling interests (i.e. gains and losses attributable to other investors in the seed funds which are consolidated into the Group's financial statements on a line-by-line basis, as required under IFRS). This reflects the approach used for internal management reporting and is considered to represent more accurately the core revenues and costs driving current and future cash flows of the business. Underlying operating profit for the year was £7.7 million (2016: £6.9 million) with underlying profit before tax for the year of £7.9 million (2016: £7.0 million).

Cash flow

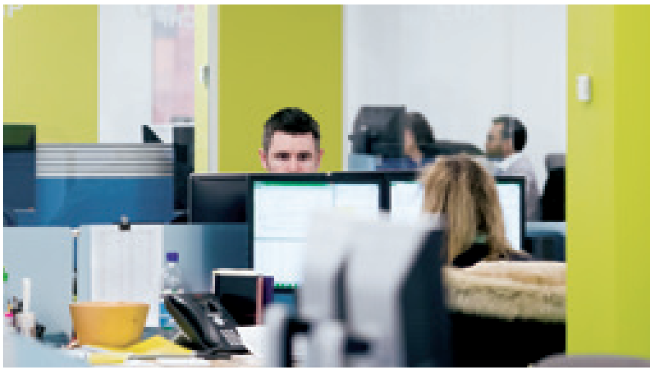
The Group's year end cash and cash equivalents stood at £19.1 million (2016: £21.7 million). The cash generated from operating activities before tax was £8.7 million (2016: £7.1 million), with £1.6 million paid in taxation (2016: £1.6 million) and £3.6 million paid in dividends (2016: £3.7 million). At the year end, the Group held money market instruments with maturities between three and twelve months, worth £18.1 million (2016: £13.0 million). These instruments are managed as cash by the Group but are not classified as cash under IFRS rules (see note 16 to the financial statements for more details).

Dividends

Shareholders received an interim ordinary dividend of 0.825 pence per share paid on 23 December 2016, equivalent to £1.8 million. As disclosed in the Chairman's statement on page 4, the Board is recommending an increased ordinary dividend in line with the improved profitability of the Group and in addition a special dividend returning the excess of this year's earnings over the total ordinary dividend to shareholders. Consequently, the Board recommends paying a final ordinary dividend of 1.175 pence per share, equivalent to £2.6 million, taking the overall ordinary dividend to 2.00 pence per share, and simultaneously paying a special dividend of 0.91 pence per share (equivalent to £2.0 million), making the total dividends paid for the year of £6.3 million equal to earnings of 2.91 pence per share (total ordinary dividend paid in respect of the prior year ended 31 March 2016 was 1.65 pence per share, and there was no special dividend paid).

Subject to shareholder approval, the final ordinary dividend will be paid simultaneously with the special dividend on 2 August 2017 to shareholders on the register on 30 June 2017, the ex-dividend date being 29 June 2017. All ordinary and special dividends for the financial year will be fully covered by earnings.

For the current and future financial years, the Board intends to pursue a progressive dividend policy and to consider the return of excess earnings over ordinary dividends to shareholders, potentially in the form of special dividends. On this basis, such distributions to shareholders will be considered on a 'total distribution' basis, such that the total distribution for any one financial year will at least be covered by earnings, whilst always being subject to market conditions at the time, and to any further excess capital assessed as required by the Board.

Financial stability and capital management

The Group's balance sheet is strong and liquid with total net assets of £41.6 million at the end of the year, including current assets managed as cash totalling £37.2 million. The business remains cash generative, with net cash inflows from operating activities of £7.2 million for the year.

The Board's new 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. RCML is required to submit semi-annual capital adequacy returns, and it held significant surplus capital resources relative to its regulatory financial resource requirement throughout the year. Similarly the Group also submits semi-annual capital adequacy returns but on a consolidated basis, taking account of the risks across the business assessed by the Board as requiring further capital. In assessing these risks, the Group uses an active risk-based approach to monitoring and managing risks, which includes its Internal Capital Adequacy Assessment Process ("ICAAP").

The Board 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 (£ million)	2017	2016
Core Tier 1 capital	36.8	33.7
Deductions: intangible assets	(0.2)	(0.3)
Regulatory capital resources	36.6	33.4

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.

The Directors review the financial forecasts and position of the Group on a regular basis, mindful of the need to maintain a strong balance sheet whilst allowing the Group the flexibility to adapt its products and services to challenging 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 10 and 28 respectively.

The market and regulatory environment in which the Group operates is constantly evolving and the Directors consider it prudent to consider a three year horizon over which to assess the viability of the Group. This is consistent with the approach in its ICAAP, which uses scenario analysis to evaluate potential impacts of severe but plausible occurrences on the business, and to quantify the level of capital required to mitigate the financial impact to the Group. Such scenarios consider material events that may occur as a result of the principal risks faced by the business, for example, direct AUME outflows or severe reputational damage to the business.

Having reviewed and considered the results of the above, the Directors have a current, reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due over the three year period of their assessment, to 31 March 2020.

Cautionary statement

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

RISK MANAGEMENT

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

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.

Within this framework the first line of defence provides management assurance and rests with line managers within their specific departments and with senior managers responsible for the implementation and maintenance of higher-level controls to ensure adherence to quality standards and regulatory requirements. Functions such as Compliance and Risk, Legal, HR and Finance provide the second line of defence through the drafting, implementation and monitoring of policies and procedures to align with best practice, to ensure compliance and to provide assurance 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.

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

There are two types of assurance engagements associated with the AAF framework, specifically "reasonable" assurance engagements and "limited" assurance engagements. The Group undertakes the higher standard of "reasonable" assurance engagements.

Embedded culture of integrity and accountability

3rd line of defence

Internal audit (independent assurance – Deloitte LLP)

2nd line of defence

Control and oversight function

1st line of defence

Business operations and support

Independent assurance activity

Statutory external audit (independent assurance – Grant Thornton UK LLP)	**AAF 01/06 and SSAE 16 internal controls reports (independent assurance – Grant Thornton UK LLP)**

Risk management framework

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

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

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

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

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

The principal risks faced by the Group including those that threaten its business model, future performance, solvency and liquidity are reviewed periodically by the Audit and Risk Committee and as part of the ICAAP which is performed at least on an annual basis. These risks fall into a number of distinct categories and the means used to mitigate them are both diverse and relevant to the nature of the risk concerned. The principal risks and details of how these are managed across the Group are set out below.

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 ownership:
Delegated to: Record plc Board and Executive Committee.

Risk	Link to strategy	Mitigation	Change
Economic risk: the UK's decision to exit from the EU ('Brexit') during the year and the consequent triggering of Article 50 just prior to the financial year-end will have economic ramifications both in the UK and across the EU. Record and its clients are subject to extensive EU-originated legislation, and there will be an impact on the business and its clients in terms of the legal and structural framework under which banking, trading and regulatory rules currently operate as well as on the ability of the business to attract and retain talented employees.	Client relationships Innovation Growth Profitability	Record has established a Brexit Working Group to monitor ongoing progress with EU negotiations and to prepare a contingency plan, which will enable Record to continue to do business with current and future EU-based clients and to continue to attract and retain employees.	↑
Concentration risk: on single product or client type or geographical location. Record's products are all currency management based hence it would be adversely affected by a move away from currency by its core client base. Record has a relatively small number of high value clients. For the year ended 31 March 2017, Record's largest client generated 14% of revenue, and the largest five clients generated 57% of revenue. For the year ended 31 March 2017, 54% of AUME and 34% of revenues derive from Passive Hedging for Swiss pension funds, which are required by regulation to hedge currency risk above a certain threshold – this regulation could be abolished.	Innovation Growth Profitability	Diversification of investment capabilities across risk-reducing and risk-taking products to reduce single event/product exposure. Record's clients are institutional and diverse, including government and public pension funds, charities, foundations, endowments, family offices, other fund managers and corporate clients. Record's commitment to client services excellence, the transparency of the investment process and the regular reporting and face to face contact with clients is integral to retention. The Group seeks to build long-term and close trusted adviser relationships with its clients, which are intended to assist in retaining such mandates even in the event of regulatory change.	—
Reputational risk: potentially affects Record's brand and its relationships with stakeholders, including clients, regulators and shareholders. Reputation can be impacted by any of our principal risks and may result in the loss of AUME and/or fee income, affecting profitability.	Client relationships Innovation People Growth Risk management Profitability	Record is committed to the highest ethical standards of conduct and regulatory compliance. Record's risk appetite does not extend to taking either reputational or regulatory risks within the decision making process. Significant resources are allocated to seek to prevent any systemic failures of day to day product implementation that could affect the firm's reputation. The Board's lengthy investment management experience and broad scope of commercial experience assists the business in anticipating and identifying potential reputational risks.	—

RISK MANAGEMENT CONTINUED

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 ownership:

Delegated to: Record plc Board and Executive Committee.

Risk	Link to strategy	Mitigation	Change
Key personnel risk: loss of key personnel could impact on the management of the Group and/or lead to a loss of AUME.	Client relationships People Growth Profitability	The Group's investment process is steered by an Investment Committee comprising members of the Board and senior management and all products are managed on a predominantly systematic process which is not reliant on any individual employee. All clients have more than one point of contact to ensure continuity in the client relationship if any one person left. The Group considers that its office environment and culture, as well as its remuneration policy and in particular the operation of the Group Profit Share and Share Schemes promotes key personnel retention and effective risk management.	—
Risk from reliance on investment consultants: clients or potential clients may utilise the services of investment consultants to advise them in relation to investment products and services. Relationships with consultants and assisting with their understanding of the benefits of Record's products and services is key to ensuring continued access to such clients is available via the investment consultant. Failure to do so may result in a loss of AUME.	Client relationships People Profitability	The Group has dedicated consultant relations staff and devotes considerable senior management time and effort to its relationships with the investment consultancy firms to ensure that developments within the Group and its investment research and processes are understood by these firms.	—
Intervention risk: intervention by government, government agency or regulatory body such as exchange controls, financial transaction tax, etc. that renders some or all of the Group's products ineffective. Such intervention may arise as an unintended consequence of regulatory reforms targeted elsewhere. Changes in the regulatory environment or tax regime may make investment in currency less attractive to investors. For example, new rules for risk mitigation of over-the-counter derivatives not cleared by a central clearing party are to be implemented under the European Market Infrastructure Regulation. These rules will mandate variation margin for FX forward contracts and swaps for EU financial counterparties from January 2018. Such a requirement is a major change from the historic practice of many of Record's clients of using non-collateralised foreign exchange credit lines. Such clients may consider moving currency hedging mandates to other managers who already manage assets that could be used as collateral, or may consider stopping currency hedging altogether.	Innovation Growth Risk management Profitability	Our diversified product range is underpinned by a number of different strategies that may not all be impacted by the intervention. Depending on the nature of the intervention, certain product strategies may perform well. Our experienced management team is able to anticipate and identify ramifications of changes at an early stage and are able to respond in a timely manner to adapt the business. The Group participates in consultations on proposed regulatory changes, both on its own and through trade bodies. Certain regulatory changes may provide opportunities as well as threats. Diversification of investment capabilities across risk-reducing and risk-taking products reduces single event/product exposure. The Group is also enhancing its systems to offer collateral and cash management services to clients to meet such requirements.	↑

Business risk continued

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 ownership:
Delegated to: Record plc Board and Executive Committee.

Risk	Link to strategy	Mitigation	Change
Market liquidity risk: Record's investment process involves high trading turnover of client positions in both size and volume, therefore it is reliant on market liquidity. The foreign exchange market offers exceptionally deep liquidity, as measured by the ability to execute sizeable transactions without adversely affecting the market price. In recent years this liquidity has routinely been sustained in normal market environments, but has become more fragile and less reliable in stressed market environments.	Innovation Growth Profitability	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.	↑

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 ownership:
Delegated to: Investment Committee.

Risk	Link to strategy	Mitigation	Change
Dynamic Hedging: products seek to vary the hedge ratio of a client's portfolio such that a client benefits from the hedging programme in periods of base currency appreciation and limits the costs in periods of base currency weakness. Prolonged periods of base currency weakness or of range-trading in currency pairs may lead clients to reassess the benefits of the product.	Client relationships Growth Profitability	Experienced Investment Committee meets regularly ensuring consistent core investment processes are applied. Dedicated currency management research and investment focus.	↓
Risk seeking products: the Group is paid by its Currency for Return and Multi-product clients to generate positive investment performance over the medium and long term by taking investment risk on their behalf. Any sustained period of poor investment performance reduces the value of AUME in the Group's pooled funds and could lead to mandate terminations by clients and to loss of confidence in the Group's investment model by clients, potential clients and the investment consultants who advise them.		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.	

RISK MANAGEMENT CONTINUED

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 ownership:

Delegated to: Risk Management Committee ("RMC")

Risk	Link to strategy	Mitigation	Change
Technology risk and information security: the risk of failure of the Group's technology and support systems, or penetration of such systems by external third parties with consequential loss of data or the prevention of the Group's ability to operate.	Risk management Profitability	The Group has developed comprehensive disaster recovery and business contingency plans. These cover scenarios from server failure to destruction of the Group's offices. Alternative office facilities and equipment are available at a disaster recovery provider should the premises be compromised. Disaster recovery procedures are tested on a regular basis at the site of the disaster recovery provider. Information technology policies and technical standards are deployed across the Group, including induction and security awareness training. Cyber-risk is a recurring item on the annual internal audit plan of the business, with regular review of the systems and controls in place to ensure application of latest best practice and security procedures.	↑
Operational control environment risk: including the risk of errors in execution and process management; dealing, portfolio, settlement, managing bespoke requirements and reporting and the risk of non-compliance, including monitoring of investment breaches.	People Risk management Profitability	Record prepares annual AAF 01/06 and SSAE 16 reports on internal controls. The contents of these reports, which have been independently reviewed and tested by Grant Thornton UK LLP, provide assurances of the Group's procedures and controls to mitigate operating risk. Record has an internal audit function that reports independently to the Audit and Risk Committee and reviews deemed higher-risk operational departments on a cyclical basis, ensuring regular independent coverage by internal audit review. The Group's investment processes for all products are predominantly systematic and non-discretionary in nature. The Group's proprietary system prompts trades that are executed by a dedicated trading team without discretion, thereby ensuring that portfolios are within the structure dictated by the investment process. Each department has established procedures manuals that are available to all members of staff. The adherence to these procedures is checked regularly through the compliance monitoring programme, AAF and SSAE 16 reviews and the internal audit review process. A dedicated portfolio management team oversees the investment process and a dedicated and independent Front Office Risk Management team provides post-trade compliance assurances, including changes to any static data which may impact the behaviour of the systematic processes. Automated post-trade compliance tests are used to monitor whether programmes are running in line with expectations, and identify any potential issues that may need to be resolved in a timely manner.	↑

Operational risk continued

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 ownership:
Delegated to: Risk Management Committee ("RMC")

Risk	Link to strategy	Mitigation	Change
Counterparty risk: Record executes derivative transactions with large banks as the counterparty, on behalf of clients. As an over the counter ("OTC") product, these contracts inherently contain a degree of counterparty risk with the counterparty bank. Default by any of these counterparties could indirectly lead to impairment of Record's standing in the currency management markets with investors and investment consultants and thus may result in the loss of AUME and/or fee income.	Risk management Profitability	On a daily basis, Record monitors the credit ratings (and other indicators of creditworthiness) of the counterparties Record has dealings with and the RMC maintains an Approved Counterparty List ("ACL"). Changes are noted against a comprehensive Credit Risk Policy overseen by the RMC that meets at least on a monthly basis. Reallocations of exposures to certain counterparties may follow the daily review in order to ensure a prudent spread of counterparty credit risk. The Group is also enhancing its systems to offer collateral and cash management services to clients, which will mitigate counterparty risk.	↓

Treasury risk

The risks that management does not appropriately mitigate balance sheet risks or exposures potentially resulting in an adverse impact on the financial performance or position of the Group.

Risk ownership:
Delegated to: Chief Financial Officer

Risk	Link to strategy	Mitigation	Change
More than 80% of Group revenues are denominated in a currency other than sterling, the Group's functional and reporting currency, yet the Group's cost base is predominantly sterling based resulting in a risk to profit in periods of sterling strength.	Risk management Profitability	The Group hedges its non-sterling income on a monthly basis from the date that income is accrued until the anticipated date of receipt by using forward fixed rate currency sales contracts.	↑
The Group invests a limited amount of its resources in seed funds, exposing it to credit risk and foreign exchange risk.	Risk management Profitability	Monthly reporting of all balance sheet exposures to the Executive Committee and Board. The Group's level of investment in seed funds is strictly limited in accordance with the Board's risk appetite statement.	–
Liquidity management – the Group is exposed to credit risk and interest rate risk in respect of its cash balances.	Risk management Profitability	The Group has adopted a credit risk policy to manage its credit risks, under which it follows clear counterparty diversification and minimum credit rating criteria. Monthly reporting of all balance sheet exposures to the Executive Committee and Board.	–

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

- community;
- workplace; and
- environment.

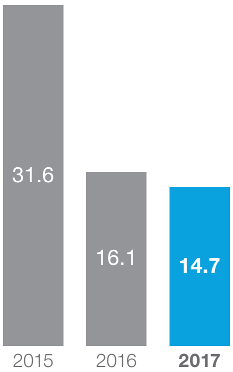
Community

During the course of the year, the Group made charitable donations totalling £14,719. 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 a number of dress-down days.

The Group has an established internship programme for students and during the year we welcomed interns from Oxford University, Cambridge University, ETH Zürich and Ulm University, Germany.

Charitable donations
(£'000)



Human rights

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

Workplace

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

Since 28 November 2016, all UK staff have enjoyed the benefits of the newly refurbished offices on the Second and Third Floors of Morgan House in Madeira Walk, Windsor.

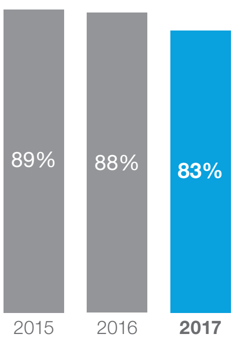
The new office layout on the Second Floor has been designed to allow all departments to continue to work together in an open plan environment. The open plan office allows ease of communication between departments, as well as enabling staff to work closely with senior management.

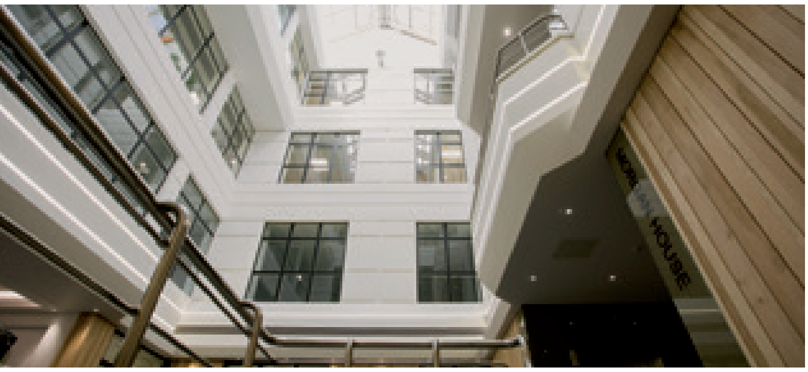
The Third Floor has been designed to accommodate additional meeting rooms as well as a generous breakout area for staff, with a large kitchen area and space for recreational and fitness activities. The new office environment is indicative of the Group's commitment to staff welfare and to providing a happy and stimulating working environment.

The office environment and culture promotes 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 and different grades within the business.

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

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 the recruitment process is fair and is carried out objectively, systematically and in line with the requirements of employment law.

The Group ensures all staff are aware that it is not acceptable to discriminate, harass or victimise someone, and that it is also unlawful and 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 the widest possible pool 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:

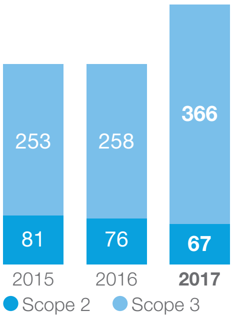
As at 31 March 2017	Female		Male	
Board Directors	3	38%	5	62%
Senior management	4	24%	13	76%
Other staff	22	44%	28	56%
All employees	**29**	**39%**	**46**	**61%**

Environment

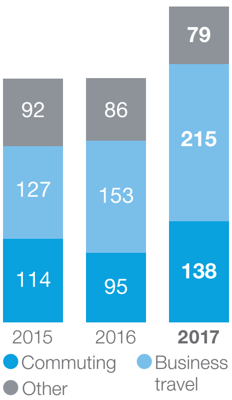
The Group seeks to minimise its carbon footprint through recognising the environmental impact of its activities, reducing that impact through responsible procurement of goods and services, and offsetting its remaining carbon emissions. The Group first assessed its carbon footprint in July 2006, and has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

The Group's annual emissions (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 85% of emissions (2016: 77%).

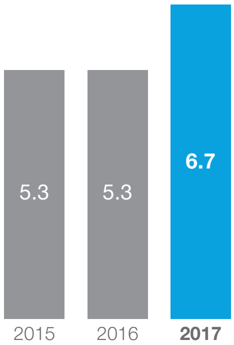
Gross CO_2 emissions
(Tonnes)



Gross CO_2 emissions by activity
(Tonnes)



Gross CO_2 emissions per head
(Tonnes)



The Company's Strategic report is set out on pages 2 to 35 of the Annual Report, and is comprised of the Introduction, Strategy and Business review.

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

The Strategic report was approved by the Board on 15 June 2017 and signed on its behalf by:

James Wood-Collins
Chief Executive Officer

WELCOME TO CORPORATE GOVERNANCE

Compliance statement
The Company complied with the provisions of the UK Corporate Governance Code published in September 2014, which applied throughout the financial year ended 31 March 2017.

CHAIRMAN'S INTRODUCTION

We believe that the long-term growth and success of the Record Group is underpinned by robust corporate governance practices.

Chairman's statement

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

The UK and global regulatory and governance environments continue to evolve at a rapid pace and whilst the Board and I are confident that the Group's governance arrangements remain effective, regulatory change will continue to be an area of ongoing attention.

Neil Record
Chairman

15 June 2017

Board overview

The Board is responsible for the stewardship of the Company. Further information on corporate governance framework is provided on pages 42 to 43.

BOARD

BOARD COMMITTEES

NOMINATION | REMUNERATION | AUDIT AND RISK

OPERATIONAL COMMITTEES

EXECUTIVE | INVESTMENT | RISK MANAGEMENT

OPERATIONAL SUB-COMMITTEES

Investment Management Group | Portfolio Management Group

Strategic report
Governance
Financial statements
Additional information

BOARD OF DIRECTORS

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

Neil Record (63)
Chairman

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

N

James Wood-Collins (45)
Chief Executive Officer

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

Steve Cullen (48)
Chief Financial Officer

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

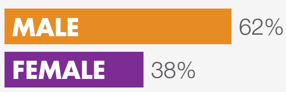
Leslie Hill (61)
Head of Client Team

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

BOARD DIVERSITY

Gender diversity

As at year end and as at the date of report



Bob Noyen (54)
Chief Investment Officer

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

David Morrison (58)
Senior Independent Director

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

A N R*

Jane Tufnell (53)
Non-executive Director

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

A N* R

Rosemary Hilary (62)
Non-executive Director

Rosemary Hilary was appointed as a Non-executive Director in June 2016. She was previously Chief Audit Officer of TSB Bank, an Executive Committee role, where she worked on the separation from Lloyds Banking Group and TSB's IPO. Prior to that she held a number of senior financial services regulatory roles, transitioning from the Bank of England to the Financial Services Authority and then to the Financial Conduct Authority. Rosemary is also a Non-executive Director of Willis, the global broker, Vitality Life and Vitality Health, and the Pension Protection Fund. She is a member of the MBA Advisory Board at Cass Business School and a 30% Club mentor. From 2010 until 2016, Rosemary was a Trustee of the Board of Shelter, the national homelessness charity.

A* N R

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

Directors who left the Board during the year ended 31 March 2017

Cees Schrauwers and Andrew Sykes both left the Board on 29 September 2016. Their biographical details are shown in the 2016 Annual Report and Accounts.

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 September 2014 and its previous versions (all referred to as the "Code") since its Admission to the Official List of the UK Listing Authority in December 2007.

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

As a non-FTSE 350 company, Record plc is classed as a smaller company under the Code. The Group has been in compliance with the Code since Admission, except in particular limited circumstances where the provisions apply specifically to FTSE 350 companies:

- the Board does not comprise a majority of independent non-executive directors;
- the annual Board performance evaluation is not externally facilitated; and
- Directors are not re-appointed on an annual basis.

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 interest of the business and are not detrimental to the high standards of corporate governance they have established for the Group.

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

Corporate governance framework

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

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

The Board of Directors

Board responsibilities

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

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

Board membership

The Board is headed by Neil Record (Chairman), with the Executive Directors, James Wood-Collins (Chief Executive Officer), Steve Cullen (Chief Financial Officer), Bob Noyen (Chief Investment Officer) and Leslie Hill (Head of Client Team). There are currently three Non-executive Directors, David Morrison, being the Senior Independent Director, Jane Tufnell and Rosemary Hilary.

Rosemary Hilary was appointed to the Board on 1 June 2016. Cees Schrauwers and Andrew Sykes retired from the Board in September 2016 having served the business for almost nine years.

On an ongoing basis at least half the Board members have not been independent Non-executive Directors as required by the Code for FTSE 350 companies but the Board does comply with the Code's provision for smaller companies to have at least two independent Non-executive Directors. The Board considers that the existing composition and the planned structure to have three independent Non-executive Directors going forward is appropriate given the current size and structure of the business.

All Directors have access to independent professional advice, when required, at the Company's expense as well as to the advice and services of the Company Secretary.

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

Role of the 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.

Role of the Chief Executive Officer

The Group Chief Executive 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.

Role of the Independent 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.

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

Re-election of directors

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

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

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

Conflicts of interest

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

The Articles of Association contain provisions to allow the Directors to authorise situations of potential conflicts of interest so that a Director is not in breach of their duty under company law. The Board is responsible for conducting an annual review of the Conflicts Register and confirming that, where relevant, conflicts have been dealt with appropriately, and that the process for dealing with them is operating efficiently. All existing external appointments for each Director were considered and authorised by the Board in September 2016 as part of this annual review.

Board member diversity

The Board has three female members in a board of eight and thus women make up 38% of the Board. It is the Board's aim to maintain a diverse mix of skills, experience, knowledge and backgrounds across its members to ensure that the Board operates effectively. The Board's opinion is that the current composition of members meets these criteria and is therefore appropriate for the business at the present time. Future executive director succession planning will take into account the benefits of diversity including gender diversity as set out in the Company's Board Diversity Policy. Diversity in the workplace is detailed on page 35.

Board meetings

The Board met six times between 1 April 2016 and 31 March 2017 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 not able to attend their input can be tabled and taken into consideration. The Board has twice yearly offsite strategy meetings and additional meetings as required to address specific issues. Any concerns raised by Directors which are not resolved are recorded in the Board minutes. No such matters were noted during the year ended 31 March 2017.

Board meeting attendance

	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Meetings in the year	**6**	**6**	**6**	**5**
Neil Record	6/6	n/a	n/a	4/5
Cees Schrauwers[1]	3/3	3/3	2/2	3/3
Andrew Sykes[1]	3/3	3/3	2/2	3/3
David Morrison	5/6	6/6	6/6	5/5
Jane Tufnell	6/6	6/6	6/6	5/5
Rosemary Hilary[2]	6/6	4/4	3/4	4/4
James Wood-Collins	6/6	n/a	n/a	n/a
Steve Cullen	5/6	n/a	n/a	n/a
Leslie Hill	5/6	n/a	n/a	n/a
Bob Noyen	6/6	n/a	n/a	n/a

All non-attendance of meetings was due to prior commitments except for Steve Cullen not attending one Board meeting due to a family emergency.

1. Cees Schrauwers and Andrew Sykes retired from the Board on 22 September 2016 and therefore did not attend any meetings after that date.
2. Rosemary Hilary was appointed on 1 June 2016 and so did not attend any meetings before that date.

CORPORATE GOVERNANCE REPORT CONTINUED

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 full external evaluation of performance was not necessary at the current time but that a group discussion with all members present and a third party facilitator would be an efficient way to canvas opinions.

An external facilitator was identified and the group discussion took place in April 2017, focusing on the Board approach to business strategy and succession planning. The external facilitator selected was an experienced businessman and serial entrepreneur with extensive board insight and no previous links to Record. The comments made during this meeting were recorded by the Company Secretary and collated into a report which documented the observations made and assessed the activities and achievements of the Board and its sub-committees during the period under review. Members were also invited to 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.

The review of the comments made during the evaluation process identified no serious concerns over the functioning of the Board, its members or its Committees. A number of objectives for Board performance improvement over the short term have been set. It is the responsibility of the Chairman and Company Secretary to ensure these initiatives for improvement are implemented over the coming months.

Individual appraisal of each director's performance is undertaken by the Chief Executive Officer and the Chairman. The Senior Independent Director conducted an appraisal of the performance of the Chairman with input from the other Board members. The outcome of these appraisals in 2017 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 44 and 45;
- Audit and Risk Committee – report set out on pages 46 to 49; and
- Remuneration Committee – report set out on pages 50 to 64.

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

The work undertaken by the Audit and Risk, Remuneration and Nomination Committees was reviewed by Rosemary Hilary, David Morrison and Jane Tufnell respectively 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

Executive Committee

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

Investment Committee

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

Risk Management Committee

The Audit and Risk Committee has delegated to the Risk Management Committee the task of overseeing and mitigating risks arising across the activities of Record Currency Management Limited, the regulated entity within the Group. The Chief Operating Officer, the Chief Financial Officer, the Head of Operations, the Head of Portfolio Management, the Head of Portfolio Implementation, the Head of Trading, the Head of Compliance and Risk and the Head of Front Office Risk Management are all members of the Committee. The Committee meets at least once a month and as necessary in response to individual or specific events requiring review. The minutes of meetings are circulated to the Audit and Risk Committee and a report is presented by the Chief Operating Officer at each Audit and Risk Committee meeting.

Operational Sub-Committees

Investment Management Group

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

Portfolio Management Group

The Investment Committee has granted the Portfolio Management Group the authority to plan and implement process overrides as instructed by the Investment Management Group and as sub-delegated by the Investment Committee in policy documents. The Portfolio Management Group consists of the Chief Operating Officer, the Head of Portfolio Implementation, the Head of Trading, the Head of Operations, the Head of Investment Strategy and the Head of Reporting and is chaired by the Head of Trading. The Group meets as frequently as necessary to fulfil its obligations and minutes are available to the Investment Management Group, the Risk Management Committee and the Investment Committee, the Executive Committee and the Board.

Internal control and risk management

The Board has overall responsibility for the Group's systems of internal control and the management of significant risks. The Board 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 Investment Committee;
- the Audit and Risk 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 systems is provided on pages 28 to 33 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 2017 and is satisfied that the internal control environment is appropriate (see Internal controls and risk management on page 48).

Approved by the Board and signed on its behalf by:

Joanne Manning
Company Secretary

15 June 2017

NOMINATION COMMITTEE REPORT

Role of the Committee

The Nomination Committee is responsible for ensuring that the structure, size and composition of the Board is fit to perform its duties, and for giving full consideration to succession planning for Directors and other senior executives. The Committee is also responsible for identifying and nominating for the Board's approval candidates to fill Board vacancies as and when they arise.

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

Membership of the Committee

The Committee was chaired by David Morrison until 22 September 2016 when Jane Tufnell took over the role. Jane is supported by the other Non-executive Directors, David Morrison and Rosemary Hilary and the Group Chairman, Neil Record.

During the year there were two other independent Non-executive Directors who served on the Committee until their retirement in September 2016:

- Cees Schrauwers (appointed 3 December 2007, resigned 22 September 2016); and
- Andrew Sykes (appointed 3 December 2007, resigned 22 September 2016).

Committee meetings

The Committee met on five occasions during the year ended 31 March 2017 and invited the Chief Executive Officer, Company Secretary and the Head of Human Resources to join the meetings as the Committee considered appropriate. Meeting attendance is detailed on page 41.

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

Independent director search

The principal focus has been on appointing a new independent director to replace David Morrison who will no longer be deemed to be independent from September 2018.

Discussion took place between the Directors in early 2017, both formally and informally, about the skills required for the independent director role. A job description and person specifications have been prepared and tailored to reflect the requirements for the role. It has been agreed that the search objective should be to identify an independent director by the end of 2017 to allow a period of handover and transition before David Morrison leaves.

The Committee has agreed that a sub-committee comprising Jane Tufnell and Neil Record should have delegated responsibility for initiating the search process and appointing Norman Broadbent as the external search consultancy.

Norman Broadbent is a signatory to the Voluntary Code of Conduct on Gender Diversity and is independent of Record.

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

Board Diversity Policy

The Board Diversity Policy was reviewed by the Committee in May 2016 and again in May 2017. The Committee agreed the policy remained appropriate and that no amendments were necessary.

The Committee has acknowledged that future executive director succession planning should embrace the benefits of diversity. Accordingly, the Committee plans to take into account the benefits of diversity in the current independent director search to ensure that any individual selected will add to the Board's mix of perspective, experience, background and personal attributes.

Board membership

The Committee reviewed peer Board membership as part of an evaluation of Board structure. The Committee is content that the current composition of the Board remains appropriate and that the time commitment required of Non-executive Directors is consistent with the nature and size of the business.

Succession planning

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

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

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chair of the Committee in May 2017. The conclusion was that the Committee had been effective in carrying out its duties.

Annual General Meeting

Leslie Hill, James Wood-Collins and David Morrison are due to retire by rotation and stand for re-election at the 2017 Annual General Meeting. The Committee met to review the Directors standing for re-election, taking into account their ongoing effectiveness and commitment. The Committee agreed that Leslie, James and David continue to make effective and valuable contributions to the Board's deliberations and accordingly the Committee has recommended the Board approve a resolution in respect of their re-election by shareholders.

Under 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 2017 Notice of Annual General Meeting.

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

Looking forward

As well as considering the standing items of business, the Committee will continue to focus on appointing a new independent director to replace David Morrison who will have served a full nine-year term on the Board and hence will no longer be deemed to be independent under the Code from September 2018.

Approved by the Committee and signed on its behalf by:

Jane Tufnell

Jane Tufnell
Chair of the Nomination Committee

15 June 2017

AUDIT AND RISK COMMITTEE REPORT

Role of the Committee

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

The Committee's duties include:

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

The Committee has direct access to auditors, and receives periodic reports from management and auditors on significant financial reporting issues.

Membership of the Committee

The Committee comprises all the independent Non-executive Directors as follows:

- Rosemary Hilary (appointed 1 June 2016 and Committee Chair since 22 September 2016);
- David Morrison (appointed 14 January 2010); and
- Jane Tufnell (appointed 14 September 2015).

During the year there were two other independent Non-executive Directors who served on the Committee until their retirement in September 2016:

- Cees Schrauwers (Committee Chair from 3 December 2007 to 22 September 2016); and
- Andrew Sykes (appointed 3 December 2007, resigned 22 September 2016).

Rosemary Hilary was appointed as Committee Chair following the resignation of Cees Schrauwers in September 2016. Given her accounting and regulatory background the Board considers that Rosemary Hilary is the most appropriate independent Non-executive Director for the role and this view is supported by the other current 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 Audit and Risk 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.

Committee meetings

The Committee met six times during the year ending 31 March 2017, being four quarterly meetings plus two additional meetings ahead of results announcements. All meetings were also attended by the Head of Compliance and Risk, the Chief Financial Officer and the Chief Operating Officer. The Chief Executive Officer attended four meetings to explain draft market announcement commentary. The internal audit partner was present at three meetings and the external audit partner attended three meetings. Two further meetings have been held since the year end.

The Committee also separately met with the Group's auditor and the internal auditor with no executive management present, providing an opportunity for them to raise matters of concern in confidence.

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

- reviewing the form, content and integrity of financial information prior to release, including the Annual and Interim Reports, and each of the Interim Management Statements;
- reviewing the adequacy and effectiveness of the Group's internal controls and risk management systems;
- considering the Risk Appetite statement, ICAAP and Pillar 3 disclosures prior to their recommendation for acceptance by the Board;
- receiving and reviewing internal audit reports, discussing their findings and management's responses;
- evaluating the performance of the internal auditor during the engagement period;
- reviewing the independence of the Group's external auditor and the nature of non-audit services supplied by the auditor;
- reviewing the external auditor's audit strategy and concluding report for the 2017 financial statements;
- evaluating the performance of the external auditor over the period; and
- conducting an external audit tender and making recommendations to the Board for a resolution to be put to the shareholders to approve the appointment of the external auditor.

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

- regular reports given by the Head of Compliance and Risk reviewing internal compliance and risk management activities and issues and also highlighting relevant UK and global regulatory developments which will/may impact the Group;
- review of a high level "Risk Heat Map" to ensure that key risks and risk movements are identified and addressed;
- a report from the internal auditor highlighting progress made against the agreed Internal Audit plan, findings from the audit, 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 given by the Chief Operating Officer as Chairman of the Risk Management Committee.

During the year the Chair of the Audit and Risk Committee separately met with 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, the Head of Compliance and Risk, the external audit lead partner and the internal audit lead partner to obtain updates and insights into business activities.

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

Key committee activities

AUME presentation review

In October 2016 the Committee considered a proposal to redefine product classifications to clarify the link between AUME, average fee rates and management fees and to aid transparency for analysts and the market generally, by the addition of a new "Multi-product" product category for client mandates which have combined hedging and return-seeking objectives.

The Committee noted that this was purely a reporting change and following a detailed review of the analysis it agreed that the proposed disclosure was a pragmatic solution allowing the market better understanding of the link between AUME and revenue. The Committee agreed that the new approach to AUME disclosure should be adopted for the Interim Report 2016 and all future announcements and disclosures thereafter.

Cyber security

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

During the year the Committee was keen that a cyber security attack response be added to the Group's Business Continuity Plan ("BCP"). The BCP document has now been updated and it includes procedures to respond to a cyber security attack impacting operations. Prompted by the Committee the COO and CEO also discussed cyber security attacks which would not trigger the BCP procedures and they agreed such events should be covered by the Incident Management Policy. The Incident Management Policy has been updated accordingly to encompass such system breaches and data loss. The Committee has welcomed these developments.

Regulatory change

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

Financial reporting

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

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

The Committee is satisfied that the financial reporting control framework, including the operation of a Group-wide general ledger, consolidation system and preventative and detective controls, operated effectively after considering reports from both management and from Grant Thornton.

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

AUDIT AND RISK COMMITTEE REPORT CONTINUED

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

Internal controls and risk management

A significant part of the work of the Committee is in providing oversight and independent challenge to the internal controls and risk management systems of the Group. Management owns and maintains a high level "Risk Heat Map" which identifies key risk areas that may impact the Group. This analysis is used by the Committee to ensure that material risk areas are being appropriately identified and addressed by management and that movements in risks and business impact are identified promptly so that appropriate action can be taken.

During the year the Committee invited the CEO to present the top ten operational risks as identified by senior management as a backdrop for the ongoing work of the Committee, Compliance & Risk, the Risk Management Committee and internal audit.

The Committee reviews all minutes of Risk Management Committee meetings and the COO 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. Detailed information on the Group's risk management process is given in the Strategic report on pages 2 to 35.

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 internal audit function is provided by Deloitte LLP ("Deloitte") under an outsourcing contract which commenced in May 2010. Deloitte reports directly to the Committee and the relationship is subject to periodic review.

The Committee and its internal auditor have developed a planning process to ensure that the audit work performed focuses on significant risks. The plans include a number of cyclical reviews of key operational functions (Trading, Portfolio Implementation, Operations, IT systems and Compliance) together with thematic reviews and ongoing internal audit activities to monitor Committee reporting and meeting minutes. This ensures that, whilst there is focus on areas deemed to be higher risk, all parts of the business are covered over a three year cycle. Each review is scoped at the start of the audit to ensure an appropriate focus reflecting business activities, the market environment and regulatory importance at that time. 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 efficient and timely manner.

Following her appointment as Committee Chair Rosemary Hilary met privately with the internal audit partner to discuss Deloitte's approach.

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

Grant Thornton has been retained to perform the external audit function since the Company was admitted to the Official List of the UK Listing Authority in December 2007. During this time the lead engagement partner has been rotated twice.

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

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

Each year, following the annual audit, the Committee evaluates the performance of the external auditor. In May 2017 the Audit and Risk Committee members met with senior management within the finance team to review the audit process. There were no significant adverse findings from the 2017 evaluation and the Committee concluded that Grant Thornton had provided an external audit service which was appropriate for the Group given its size and structure.

External auditor independence

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

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

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

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

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

	2017 £'000	2016 £'000
Audit services:		
Annual audit of the Company	45	45
Audit of the Group's subsidiaries	40	39
Total audit services	85	84
Non-audit services:		
Tax advisory and compliance services	–	10
Interim accounts review	23	22
Assurance services	45	46
Total non-audit services	68	78
Total fees	153	162
Percentage of audit fees to total fees:	56%	52%

This information is also set out in note 3 to the financial statements.

Audit tender

Grant Thornton has been the Company's auditor since 1998. As a consequence of new EU audit regulations which came into force in June 2016, Grant Thornton confirmed that the final year for which it could provide audit services to the Record plc Group, without reappointment via a formal audit tender process, was the year ended 31 March 2017, being 10 years post listing.

The Committee was briefed on the requirements of the new EU audit regulations and approved the initiation of an audit tender process in October 2016. From the outset the process was designed to be transparent, effective and efficient being overseen by the Committee with management support in developing and implementing the planned approach.

The Committee requested that approaches be made to four firms in total with a view to shortlisting firms for a final presentation and Q&A stage before a selection committee in March 2017.

Selection criteria included using publicly available information to ascertain firms' "Financials" sector rankings versus peers, as well as prior experience, where relevant, of work performed for the Group by each firm. Four firms were identified, two of which were from outside the "Big 4", and all four firms confirmed their willingness to be included in the formal audit tender process.

Prior to starting the formal process, in December 2016 each firm had the opportunity to meet senior members of the Record finance team to discuss the business and its requirements in more detail.

The meetings included members of both the audit and tax teams from each firm and senior members of the finance team from Record.

Having considered the FRC guidance, the evaluation criteria for the formal process were agreed as:

- organisation and industry experience;
- resourcing and the engagement team;
- audit approach and delivery;
- identification of specific technical issues;
- quality assurance and independence; and
- value for money.

A formal Invitation to Tender (ITT) document was approved by the Committee and sent out to participating firms in early February 2017, starting the process of meetings and due diligence by the firms and culminating in final proposal documents submitted by 10 March 2017.

In order to evaluate each tender firm against the criteria set the Committee considered the following:

- analysis of the RFP responses;
- presentations to the Committee and Management, including technical queries; and
- due diligence including reviewing Audit Quality Review Team reports published by the FRC and media searches.

Based on their evaluation of the criteria the Committee's preferred firm was PwC LLP. The decision was based on the knowledge of Record's business displayed by PwC LLP and the proposed organisation and approach of the audit team and a recommendation was put to the Board accordingly.

The Board has noted the observations of the Committee and has agreed to recommend the appointment of PwC LLP to shareholders at the 2017 AGM.

Committee evaluation

An internal review of Committee effectiveness was overseen by the Company Secretary in May 2017. 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 focus on the following areas during the year ahead:

- cyber security;
- MiFID II readiness;
- conduct risk; and
- statutory auditor transition.

Approved by the Committee and signed on its behalf by:

Rosemary Hilary
Chair of the Audit and Risk Committee

15 June 2017

REMUNERATION REPORT

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

Remuneration Committee Chairman's summary statement

Introduction

This is my first report as Chairman of the Remuneration Committee, having taken the role in September 2016 and been a member of the Committee since 2009. I would like to thank my predecessor, Andrew Sykes, for his leadership of the Committee and I am delighted to succeed him.

Remuneration philosophy

In 2016, the Committee carried out a comprehensive review of our remuneration philosophy, the objectives of our remuneration structures and options that we might contemplate. The review was not confined to Executive Directors but addressed remuneration for all employees.

To be able to capitalise on the opportunities the Company has, which are outlined in the Chief Executive's statement, we need to motivate and incentivise all of our staff, which includes our colleagues below Director level, as well as the Executive Directors. This group makes an important contribution to the growth of the business and ensuring that we have capable and committed staff is critical to the success of the business. The Committee is, therefore, concerned to ensure that our remuneration structure and policies work at all levels.

In brief, we continue to believe in our current approach to remuneration, but recommend some minor amendments. The remuneration policy for all our staff including Executive Directors is designed to act in the long-term interests of all our key stakeholders, clients, shareholders, employees and regulators, as it links reward with performance in a straightforward and transparent way. It is also designed to incentivise our colleagues to work as a team, delivering sustained business and investment performance consistent with the Company's strategic goals.

The changes that we are recommending to our current policies are summarised below and are designed to incentivise our staff below Director level.

Remuneration policy changes

There are two separate proposals for change, one relating to our Group Profit Share Scheme which will affect all staff including Directors, and the other proposed change is to our Share Scheme, which relates only to staff below Director level.

To remove the Matching Pool within the Group Profit Share Scheme

The Group Profit Share Scheme is currently split into two separate pools, the Group Profit Share Scheme Pool, which operates at 27% of operating profits, and the Matching pool, which operates at 3%. The Matching Pool seeks to reward those employees who are inclined to take some compensation in shares rather than cash. The intention continues to be to maintain the Group Profit Share Scheme policy to link the value of profit share to the Group's profitability such that the Scheme is 30% of operating profits over the medium term. However, the Committee is now proposing that the entire Group Profit Share Scheme Pool is distributed to staff and there is no longer a matching pool.

The reasons for this change are, firstly, to ensure that the Scheme is transparent and simple to understand for both employees and shareholders. On review, it is clear that the distribution of the Matching Pool can change considerably depending on elections by individuals, the consequence of which is that the value of participating in the Matching Pool is not clear until after all elections have been made.

The second reason for change is that the Committee felt that the structure of the matching scheme was not providing an incentive to our colleagues to increase their shareholding, which was its original objective. Many such colleagues have actively demonstrated a strong preference for cash based remuneration, reflecting their age, external commitments and the stage of their careers.

The remuneration philosophy regarding deferred remuneration and share ownership is different for Executive Directors and so is in line with our policy of promoting alignment between the interests of senior management and shareholders. There are no changes proposed to the structure of Group Profit Share Scheme payments for Directors, which requires that at least one third of any variable remuneration is to be taken as shares, which are locked up for a period of up to three years. It should be noted that any election to take up to a final third of a profit share payment in shares will no longer have any lock up due to the removal of the Matching Pool.

To introduce more flexibility to the Share Scheme for senior management below Executive Director level

For staff below Executive Director level, the Committee would like to broaden the parameters within the Approved and Unapproved Share Option Schemes.

Notwithstanding the response to the Matching Scheme, the Committee continues to believe that share ownership is important as an incentive mechanism for those who have been identified as important contributors to the growth of the Company and that the Share Scheme provides the most efficient route to establishing a shareholding.

There are no proposed changes to the quantum of the Share Scheme, which is limited to a maximum of 2% per annum of the market capitalisation of Record plc and of which up to 1% can be awarded as options to Executive Directors and a further 1% awarded to staff below Director level.

The specific proposal is that, for those staff members below Executive Director level, the Committee would like to be able to vary the price at which options are struck, so that future Unapproved option grants may be awarded at market price, at discounted price or nil cost. It is also the general intention of the Committee to align performance conditions of both Approved and Unapproved option grants in future.

The rationale for introducing this flexibility is to be able to offer a different mix of reward, retention and alignment benefits, which can be used according to the relevant environment and business objectives at the time. For example, in a period of share price growth, market price options are a strong incentive and retention benefit. Nil cost or discounted options offer the clearest immediate reward and can be used to retain and motivate high performing staff in the shorter term.

The Committee delegates option awards to those below Executive Director to management, who will be required to make a proposal to the Committee detailing which structure or structures is to be used for that period. The Committee will be responsible for reviewing and approving all option scheme grants to Executive Directors and staff.

There are no proposed changes to the Share Scheme for Executive Directors, with the scheme currently allowing Directors to be awarded share options, subject to defined limits, performance and clawback conditions.

Further details are explained within the proposed remuneration policy below.

Directors' remuneration report

This year's report is split into two sections:

- the proposed directors' remuneration policy; and
- annual report on remuneration.

As the current directors' remuneration policy was approved in 2014, we will be asking shareholders to approve the new policy at the 2017 AGM.

The annual report on remuneration explains how the existing policy has been applied during the year.

Review of salaries

A 3% company-wide salary increase was brought forward from April 2017 to December 2016 in recognition of the firm's revenue and profitability outlook and prospects for the business. This was also accelerated in light of the fact that salaries had remained static since the previous review in May 2015 and that salaries had slipped below market levels. The Executive Directors were included within this year's award. No further salary increase for Directors was made within the financial year.

Committee membership

Andrew Sykes and Cees Schrauwers served on the Committee until their resignation from the Board in September. I would like to thank them for their contribution, having both served on it since 2007. Jane Tufnell and Rosemary Hilary, who was appointed as Non-executive Director on 1 June 2016, are the other independent Committee members.

Shareholder consultation

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

Our policy is set out below and together with the annual report on remuneration will be submitted to shareholders for approval at the AGM on 27 July 2017.

David Morrison
Remuneration Committee Chairman

15 June 2017

REMUNERATION REPORT CONTINUED

Directors' remuneration policy

The new Directors' remuneration policy proposed by the Committee is set out below. Shareholders will be asked to approve the new policy at the 2017 AGM and, if approved, it will formally take effect from the date of the AGM for three years.

The policy begins with an overview, followed by the Executive Director and Non-executive Director remuneration policy tables and there then follows an outline of the remuneration structures that are being proposed, including details of the proposed changes.

Policy overview

The remuneration structure for the Executive Directors is designed to incentivise the delivery of sustained performance consistent with the Group's strategic goals and appropriate risk management, and to reward success in doing so. The motivation for proposing changes to our remuneration policy is to incentivise and engage our high potential senior managers and staff.

Our remuneration structures are similar for all staff and Executive Directors, providing a base salary, participation in the Group Profit Share Scheme and participation by invitation to the Group Share Scheme.

For Executive Directors, a higher proportion of the total annual remuneration will be in the form of variable compensation, directly linked to the profitability of the Group.

The table below sets out the key components of the remuneration policy for employees and the policy that will apply to the Executive Directors, subject to shareholder approval. The key elements of the remuneration policy for Non-executive Directors are set out separately.

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

Remuneration Policy table for employees and Executive Directors

Element, purpose and link to strategy	Current operation for employees	Application to Executive Directors
Base salary To pay a salary that reflects the role, responsibilities, experience and knowledge of the individual, ensuring that the salary paid is competitive with other employers in our industry.	Salaries are paid monthly through the payroll and reviewed annually by 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. There is no prescribed maximum salary. However, increases are normally expected to be in line with the typical level of increase awarded across the Group, except under certain circumstances such as: • a new Executive Director being appointed at lower than typical market salary to allow for growth in the role; • larger increases in salary may be awarded to position salary closer to market levels as experience increases; • higher increases may be awarded to reflect an increase in responsibilities or promotion; and • where there has been a significant change in market practice.
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. There is the option to exchange medical insurance for the cash equivalent. Benefit schemes are reviewed on an annual basis to ensure that the costs and service of the schemes are appropriate.	Executive Directors receive benefits on the same basis as all other employees. There is no maximum level of benefit.
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. There are differing levels of employer contribution. Base salary is the only pensionable element of remuneration.	Executive Directors receive an employer pension contribution of 15.5% of salary which can be paid into the Group Personal Pension Scheme. Executive Directors can choose to make a personal contribution in addition to the Company contribution. If Executive Directors have elected not to make contributions into the Group Personal Pension Scheme then they will be paid a cash amount equivalent to their employer pension contribution through the payroll, with the appropriate tax and national insurance deductions.

Element, purpose and link to strategy	Current operation for employees	Application to Executive Directors
Group Profit Share To reward individual and collective performance, aid retention and to align interests with those of our shareholders.	The Group Profit Share Scheme is based on pre-tax profitability of the business for the financial year and is paid semi-annually. The Remuneration Committee sets the quantum of the Scheme with the intention of maintaining this at an average of 30% of operating profits. The profit share scheme range is capped at 25% to 35% of operating profits with the intention of this being an average of 30%. The allocation of the Profit Share pool is determined by the Remuneration Committee and management and is based on the role and performance of the individual. 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. Staff members can take their profit share in cash or elect for up to a third in shares.	Executive Directors are eligible to participate in the Group Profit Share Scheme, together with all employees. The Remuneration Committee approve 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. Key features of the scheme may be amended to the advantage of Executive Directors only with prior shareholder consent.
Share Scheme To incentivise long-term performance, aid long-term retention and to align interests with those of our shareholders.	The Share Scheme allows the Remuneration Committee to grant options over up to 2% of the market capitalisation of Record plc (being approximately 4.4 million shares) per annum. Of this total 1% (approximately 2.2 million shares) can be made to Executive Directors and the other 1% can be made to staff. Approved and Unapproved Options can be granted under the Share Scheme at various strike prices and conditions. Approved options are limited to a maximum grant value of £30,000. All staff members are eligible to participate in the Share Scheme.	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 struck at market price 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. Key features of the scheme may be amended to the advantage of Executive Directors only with prior shareholder consent.
Share Incentive Plan To incentivise long-term performance, aid long-term retention and to align interests with those of our shareholders.	The Group has an approved Share Incentive Plan ("SIP"). 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 2017), which is matched at a rate of 50%.	Executive Directors may participate in the SIP on the same basis as other employees.

REMUNERATION REPORT CONTINUED

Remuneration Policy table for the Chairman and Non-executive Directors

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

Element, purpose and link to strategy	Operation, performance measures, deferral and clawback	Further information
Salary/fees To pay a salary/fee that reflect the role, responsibilities, time, experience and knowledge of the individual, ensuring that the salary/fee paid is competitive with other employers in our industry.	Salaries and fees are reviewed annually. Any review will take into account market rates, business performance and individual contribution. Whilst there is no prescribed maximum salary/fee, increases are expected to be in line with the typical level of increase awarded across the Group.	The Chairman's salary is recommended by the Remuneration Committee and approved by the Board. The Chairman does not participate either in the Group Profit Share Scheme or in the Share Scheme. The Non-executive Directors' fees are approved by the Chairman and they do not participate either in the Group Profit Share Scheme or in the Share Scheme. The Chairman's salary and the Non-executive Directors' fees are reviewed annually. The Chairman's salary and the Non-executive Directors' fees have been reviewed this year and received the company-wide 3% increase.
Benefits To provide a benefit package that provides for the wellbeing of our colleagues.	The Chairman receives a range of benefits including, but not limited to, private medical insurance, permanent health insurance, life assurance, personal accident insurance and annual holiday.	The Non-executive Directors do not receive any additional benefits although the Board may introduce additional benefits if it is considered appropriate to do so. The Company reimburses the Chairman and Non-executive Directors for reasonable expenses in performing their duties.
Pension To provide an appropriate retirement income.	The Chairman is entitled to join the Group Personal Pension Scheme. The Chairman has chosen to opt out of the Group Personal Pension Scheme and in line with the policy for Executive Directors; the Chairman receives the employer pension contribution of 15.5% of his salary as taxable income.	The Non-executive Directors do not receive pension benefits.
Other elements of remuneration	The Chairman and the Non-executive Directors do not participate in the Group Profit Share Scheme, Share Scheme, or the SIP Scheme.	

Group Profit Share Scheme

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

The current policy is that the scheme is split into two separate pools, the Group Profit Share Pool, which operates at 27% of operating profits, and the Matching Pool, which operates at 3%. On review, the Committee would like to simplify the scheme so that there is no longer a Matching Pool and that the entire Group Profit Share Pool is distributed to staff. The Committee believes that this change will also ensure that our high potential colleagues are incentivised.

The continuation of the Scheme remaining at 30% of operating profits has created a transparent and predictable link between variable compensation and profitability, and has aligned the interests of employees with those of our shareholders.

The Scheme is payable through a combination of profit share payments in cash and share-based payments. The allocation of the profit share pool for Executive Directors is determined by the Remuneration Committee and for all other employees is delegated to management. The Scheme is discretionary and employees do not have a contractual right to receive awards. In addition, all payments made to Executive Directors and other Code Staff (those in Significant Influence Functions) are subject to Remuneration Committee approval and no payments are made automatically. Payments are awarded after input from the Head of Compliance and Risk, who reports any legal or compliance issues that relate to individuals who are due to receive awards under the Scheme. Any issues would also be monitored through compliance and risk reports at Audit and Risk Committee and Board meetings.

To ensure that the interests of management and shareholders are aligned, Directors, Code staff and senior managers are required to take a proportion (initially a third) of their Profit Share in shares rather than cash, subject to a three-year "lock up" period. These shares are released from "lock up" in three equal tranches on the first, second and third anniversary of the Profit Share payment date. Additionally, Directors and Code Staff are offered the opportunity to elect for up to a further third of their Profit Share to be paid in shares, which will have no lock up due to the removal of the Matching Pool. The remaining amount will be paid in cash.

The Record plc Share Scheme

The Record plc share scheme (the "Share Scheme") was adopted by the Company on 1 August 2008 to allow deferred share awards to be granted to new senior employees, but has more recently been used to award share options to employees of Record plc or its subsidiaries. The Share Scheme was amended in 2011 to include the ability to grant HMRC approved options ("Approved Options") under Part 2 of the Share Scheme alongside Part 1 which allows for the grant of unapproved options ("Unapproved Options"). In 2013 the Share Scheme was amended to allow Board Directors to participate in the grant of Unapproved options. In 2016, the Share Scheme was further amended to allow Board Directors to be granted Approved options.

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

This year the Committee proposes to amend the Scheme for staff below Executive Director level to introduce more flexibility to the Scheme rules when granting options. In particular, the Committee would like to introduce flexibility on the price that options are struck, to allow future Unapproved option grants to be struck at market price, discounted price and nil cost. It is also the general intention of the Committee to align performance conditions of both Approved and Unapproved option grants in future.

The reason for introducing this flexibility is that each choice achieves a different mix of reward, retention and alignment benefits and can be used according to the environment and business objectives. For example, in a period of share price growth, market price options will be a strong incentive and retention benefit. Nil cost or discounted options have the greatest immediate reward effect and could be used to retain and motivate high performing staff in the shorter term.

With this added flexibility, the Committee will be responsible for approving the structure of any option awards to Executive Directors and staff.

Each participant may be granted Approved Options over shares with a total market value of up to £30,000 on the date of grant. There is no such limit on the value of Unapproved Options, which may be granted with any exercise price (including nil), although the Committee's policy is for Unapproved options awarded to Executive Directors to be struck at market price.

The terms of options for Executive Directors differ to those for all other staff. For Executive Directors, the Remuneration Committee will limit the value of shares over which an option is granted to any Director in any year to a maximum of 200% of that Director's salary for that year. All Executive Director option awards will be subject to a performance condition based on Record's annual cumulative EPS growth. One third of the award will vest on each of the third, fourth and fifth anniversaries of the date of grant, subject to an EPS hurdle linked to the annualised EPS growth for the respective three, four and five year periods from date of grant. Vesting is on a stepped basis, with 25% of each tranche vesting if EPS growth over the relevant period is at least RPI plus 4% per annum, increasing through 50% and 75% to 100% vesting if EPS growth exceeds RPI plus 13% per annum over the same period. Options under both the Approved and Unapproved schemes will be struck at market price and the exercise price per share of Approved Options must be no lower than the market value of a share on the dealing day immediately preceding the date of grant.

For staff below Executive Director, Approved Options become exercisable on the fourth anniversary of grant subject to the employee remaining in employment with the Group and any other performance conditions being met. One quarter of any Unapproved option grant become exercisable each year for four years, subject to the employee remaining in employment and any other performance conditions being met.

The Remuneration Committee retains the power to grant options under the Share Scheme, and granted options to Board Directors during the year, although it can and has delegated to management the task of identifying suitable recipients of options and the number of shares to be put under option for those below Board level. Details of the option awards made to Board Directors during the year can be found on page 59 and all awards were made in accordance with the Scheme rules.

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

Clawback provisions

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

Both Approved and Unapproved Options granted under the Share Scheme for Executive Directors are subject to clawback provisions in addition to the performance conditions set by the Remuneration Committee.

REMUNERATION REPORT CONTINUED

Source and funding of shares

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

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

Accounting treatment

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

Share Incentive Plan

The Group operates an HMRC-approved Share Incentive Plan ("SIP") which is offered to all staff, including Executive Directors, who are able to buy shares from pre-tax salary up to a defined HMRC limit (£1,800 worth of shares in the financial year ended 31 March 2017). To encourage employee share ownership the Group matches any shares purchased through this scheme at a rate of 50%, although staff will only receive the full benefit of the matched shares if they remain with the Group for three years. To qualify for full tax benefits, these shares must be left in the SIP for five years.

How the views of shareholders are taken into account

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

Considering the views of employees

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

The Committee does not consider that it is appropriate to consult directly with colleagues when developing the Directors' remuneration policy. However, the Committee does actively seek feedback from the high potential staff about the remuneration structures that are in place. 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 Record Share Scheme as deemed appropriate by the Remuneration Committee.

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

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

Service contracts and loss of office payment policy

All Executive Directors have service agreements with effect from 15 November 2007, with the exception of James Wood-Collins, who has a service agreement dated 1 October 2010, 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 the Company's Articles relating to the retirement of Directors by rotation.

The terms and conditions of appointment of the Executive Directors and Non-executive Directors are available for inspection at the Company's registered office.

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

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

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

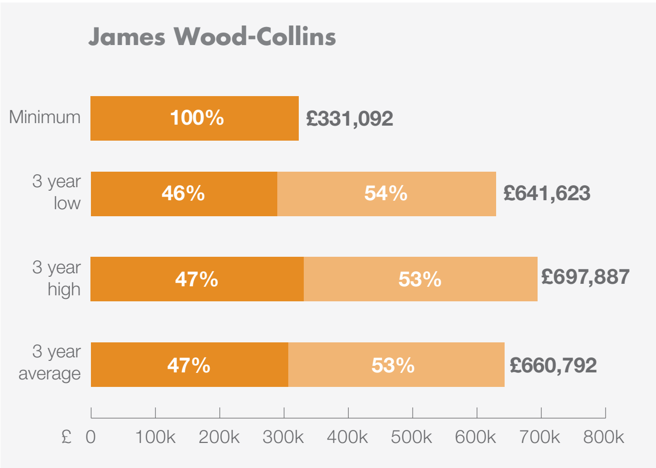
Details of service contracts for Directors standing for re-election at the forthcoming AGM are as follows:

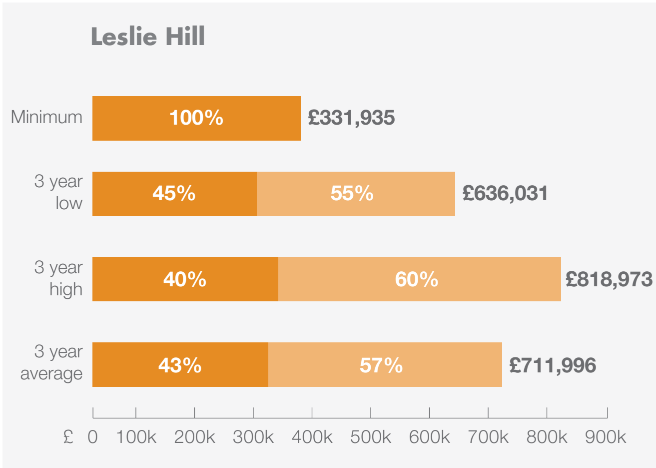
	Contract date	Notice period	Expiry/review date
Re-election			
James Wood-Collins	15/11/2007	6 months	Rolling
Leslie Hill	01/10/2010	6 months	Rolling
David Morrison	29/09/2009	—	29/09/2018

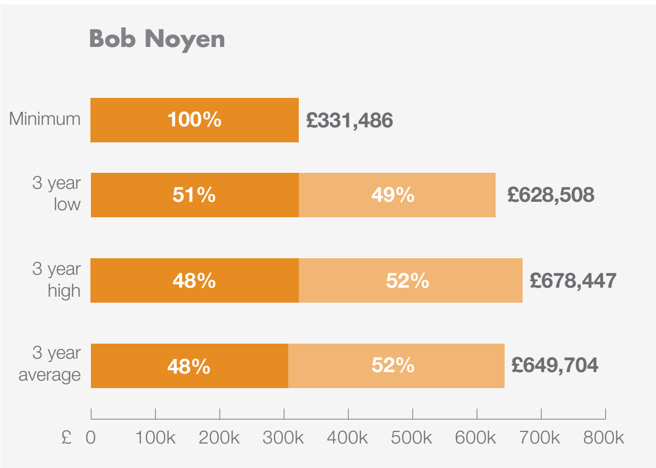
Remuneration illustrations

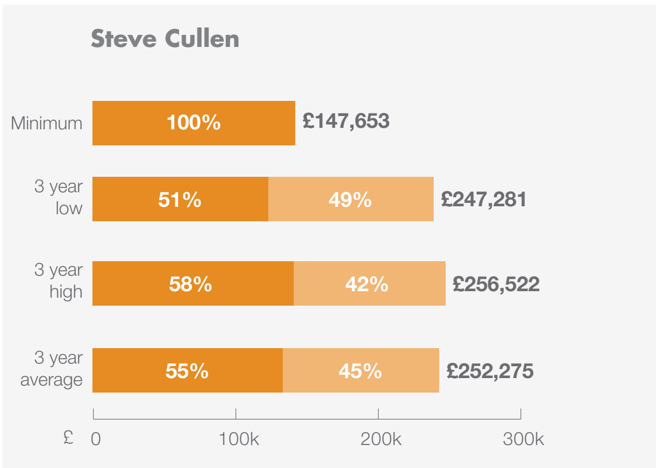
The charts below show the lowest, highest and average remuneration for the Executive Directors over the past three years. Fixed remuneration is comprised of salary, pension contributions, other benefits and any cash alternative. Variable remuneration comprises Group Profit Share including cash and share payments as well as any gains on share options. 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.

REMUNERATION REPORT CONTINUED

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 2017 AGM. The information on pages 58 to 64 has been audited where required under the regulations and is indicated as audited information where applicable.

Directors' remuneration as a single figure (audited information)

The remuneration of the Directors for the year ended 31 March 2017 is detailed below together with their remuneration for the previous year.

Year ended 31 March 2017	Salaries and fees £	Benefits[1] £	Gain on share options	Short-term incentive (GPS-cash) £	Short-term incentive (GPS-shares)[2] £	Pensions[3] £	**Total £**
Executive Directors							
James Wood-Collins	280,361	863	19,833	235,583	117,791	43,456	**697,887**
Leslie Hill	280,361	1,705	–	117,787	375,664	43,456	**818,973**
Bob Noyen	280,361	1,256	–	235,583	117,791	43,456	**678,447**
Steve Cullen	123,760	2,609	–	25,998	82,710	21,445	**256,522**
Non-executive Directors							
Neil Record	77,770	1,935	–	–	–	12,054	**91,759**
David Morrison	51,100	–	–	–	–	–	**51,100**
Jane Tufnell	41,410	–	–	–	–	–	**41,410**
Rosemary Hilary (appointed 1 June 2016)	39,637	–	–	–	–	–	**39,637**
Cees Schrauwers (resigned 22 September 2016)	39,500	–	–	–	–	–	**39,500**
Andrew Sykes (resigned 22 September 2016)	20,500	–	–	–	–	–	**20,500**
Total	**1,234,760**	**8,368**	**19,833**	**614,951**	**693,956**	**163,867**	**2,735,735**

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

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

Allocation of the Profit Share pool to Executive Directors

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

Pensions (audited information)

Executive Directors are entitled to join the Group Personal Pension Scheme. This is a defined contribution plan and for the financial year ending 31 March 2017, 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.

A change was made to the structure of pension contributions for Executive Directors from 1 April 2016 as the Company moved away from an employer pension contribution rate of 13% and a matching rate of 2.5% to a single 15.5% employer pension contribution.

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 2016 and 31 March 2017 are detailed in the table opposite.

Directors' share options and share awards (audited information)

James Wood-Collins, Leslie Hill, Bob Noyen and Steve Cullen were all awarded options over 550,000 shares during the financial year ended 31 March 2017. All option awards were Unapproved and were made in accordance with the scheme rules for 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	Options granted	Options lapsed	Options exercised	Total outstanding at 31 March 2017	Exercise price	Earliest Exercise	Latest exercise
James Wood-Collins	18/11/13	1,400,000	(233,333)	(233,333)	933,334	30.00p	18/11/17	17/11/19
	27/11/14	630,000	–	–	630,000	35.86p	27/11/17	26/11/20
	01/12/15	450,000	–	–	450,000	28.875p	01/12/18	30/11/21
	27/01/16	100,000	–	–	100,000	24.50p	27/01/19	26/01/22
	30/11/16	550,000	–	–	550,000	34.0718p	30/11/19	29/11/22
Leslie Hill	27/11/14	630,000	–	–	630,000	35.86p	27/11/17	26/11/20
	01/12/15	450,000	–	–	450,000	28.875p	01/12/18	30/11/21
	27/01/16	100,000	–	–	100,000	24.50p	27/01/19	26/01/22
	30/11/16	550,000	–	–	550,000	34.0718p	30/11/19	29/11/22
Bob Noyen	27/11/14	630,000	–	–	630,000	35.86p	27/11/17	26/11/20
	01/12/15	450,000	–	–	450,000	28.875p	01/12/18	30/11/21
	27/01/16	100,000	–	–	100,000	24.50p	27/01/19	26/01/22
	30/11/16	550,000	–	–	550,000	34.0718p	30/11/19	29/11/22
Steve Cullen	18/12/12	75,000	(75,000)	–	–	30.98p	n/a	n/a
	27/11/14	270,000	–	–	270,000	35.86p	27/11/17	26/11/20
	01/12/15	450,000	–	–	450,000	28.875p	01/12/18	30/11/21
	27/01/16	100,000	–	–	100,000	24.50p	27/01/19	26/01/22
	30/11/16	550,000	–	–	550,000	34.0718p	30/11/19	29/11/22

The outstanding share options above vest subject to performance conditions which are detailed on page 60.

The value of shares over which the award of options was made in the year to each of James Wood-Collins, Leslie Hill, Bob Noyen and Steve Cullen was £187,395 all based on the exercise prices of £0.340718 per share, which equated to the market share price upon grant. None of the awards will vest if the lowest threshold level of performance is not exceeded.

REMUNERATION REPORT CONTINUED

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

Record's annualised EPS growth over the period from grant to vesting	Percentage of shares subject to the award which vest
>RPI Growth + 13%	100%
>RPI Growth + 10%, =<RPI + 13%	75%
>RPI Growth + 7%, =<RPI + 10%	50%
>RPI Growth + 4%, =<RPI + 7%	25%
=<RPI Growth + 4%	0%

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

Share option awards made to James Wood-Collins on 18 November 2013 vest in three equal tranches and the first of these vesting dates was 18 November 2016. In accordance with the performance conditions detailed above, 50% of this tranche of options vested, which was 233,333 shares, and the other 50% lapsed.

Share option awards over 75,000 shares that were previously made to Steve Cullen under the Approved Option Scheme on 18 December 2012, before he was made a Board Director, lapsed. This award was based on the median total shareholder return ("TSR") as measured against the FTSE 350 General Financial – Price Index. The performance target table is given below. As the lowest threshold level of performance was not exceeded the award did not vest.

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

Group Profit Shares in lock up (audited information)

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

	Interest in restricted share awards at 1 April 2016	Restricted awards during year	Restrictions released during year	**Interest in restricted shares at 31 March 2017**
James Wood-Collins	783,651	194,661	(404,744)	**573,568**
Leslie Hill	542,301	376,459	(159,142)	**759,618**
Bob Noyen	343,548	194,661	(163,568)	**374,641**
Steve Cullen	270,824	167,026	(57,421)	**380,429**

Directors' share interests (audited information)

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

2017	Shares held without restrictions	GPS shares subject to restrictions	Total shares held[1]	Share options (not vested)	Total share interests
Executive Directors					
James Wood-Collins	2,273,880	573,568	**2,847,448**	2,663,334	**5,510,782**
Leslie Hill	15,430,795	759,618	**16,190,413**	1,730,000	**17,920,413**
Bob Noyen	9,034,591	374,641	**9,409,232**	1,730,000	**11,139,232**
Steve Cullen	883,832	380,429	**1,264,261**	1,370,000	**2,634,261**
Non-executive Directors and Chairman					
Neil Record	70,980,711	—	**70,980,711**	—	**70,980,711**
David Morrison	40,000	—	**40,000**	—	**40,000**
Jane Tufnell	150,000	—	**150,000**	—	**150,000**
Rosemary Hilary	—	—	**—**	—	**—**
Cees Schrauwers	n/a	n/a	**n/a**	n/a	**n/a**
Andrew Sykes	n/a	n/a	**n/a**	n/a	**n/a**
Total	**98,793,809**	**2,088,256**	**100,882,065**	**7,493,334**	**108,375,399**

2016	Shares held without restrictions	GPS shares subject to restrictions[1]	Total shares held	Share options (not vested)	Total share interests
Executive Directors					
James Wood-Collins	1,841,833	783,651	**2,625,484**	2,580,000	**5,205,484**
Leslie Hill	15,271,653	542,301	**15,813,954**	1,180,000	**16,993,954**
Bob Noyen	8,871,023	343,548	**9,214,571**	1,180,000	**10,394,571**
Steve Cullen	815,502	270,824	**1,086,326**	895,000	**1,981,326**
Non-executive Directors and Chairman					
Neil Record	70,980,711	—	**70,980,711**	—	**70,980,711**
David Morrison	40,000	—	**40,000**	—	**40,000**
Jane Tufnell	150,000	—	**150,000**	—	**150,000**
Cees Schrauwers	330,000	—	**330,000**	—	**330,000**
Andrew Sykes	25,000	—	**25,000**	—	**25,000**
Total	**98,325,722**	**1,940,324**	**100,266,046**	**5,835,000**	**106,101,046**

1. There is no requirement or guideline for a Director to own a specified shareholding.

Governance

REMUNERATION REPORT CONTINUED

Salary review for the Board

A 3% company-wide salary increase was carried out in December 2016. The Remuneration Committee reviewed Board members' salaries as part of the company-wide review and 3% salary increases were awarded. No further changes were made to salaries during the year.

David Morrison became the Senior Independent Director on 22 September 2016 and his salary was increased on 1 October 2016 from £41,000 to £60,000 in recognition of this change in responsibilities. He received the 3% uplift as part of the Board salary review.

The table below confirms the current salaries for Executive Directors:

	Salary from 1 April 2016 £	**Salary at 31 March 2017 (current salary) £**	Increase £
Executive Directors			
James Wood-Collins	277,585	**285,913**	3%
Leslie Hill	277,585	**285,913**	3%
Bob Noyen	277,585	**285,913**	3%
Steve Cullen	122,535	**126,210**	3%
Non-executive Directors and Chairman			
Neil Record	77,000	**79,310**	3%
David Morrison (became Senior Independent Director from 22 September 2016)	41,000	**61,800**	51%
Rosemary Hilary (appointed 1 June 2016)	47,000	**48,410**	3%
Jane Tufnell	41,000	**42,230**	3%
Cees Schrauwers	79,000	**n/a**	n/a
Andrew Sykes	41,000	**n/a**	n/a

Total remuneration of Chief Executive Officer (audited information)

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

	Year ending 31 March				
	2013 £	2014 £	2015 £	2016 £	**2017 £**
James Wood-Collins	570,723	678,604	641,623	642,865	**697,887**

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

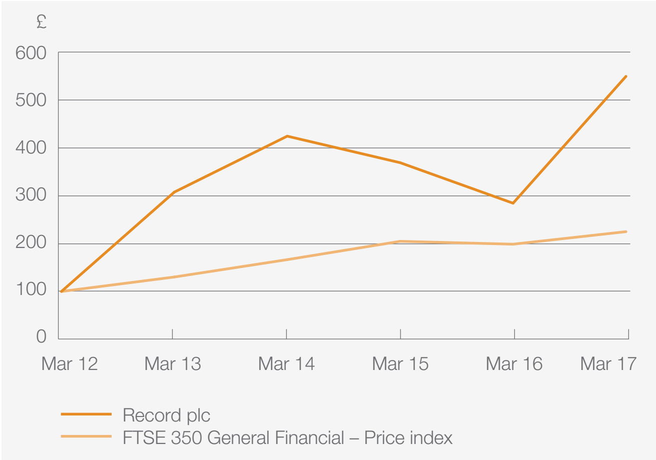
The following table shows the percentage change in the base salary, benefits and annual bonus of the Chief Executive between the year ended 31 March 2017 and the previous financial year compared to the average for all employees of the Group.

% change in:	Chief Executive Officer	Average for all employees
Base salary	3%	3%
Benefits	No change	No change
Total annual profit share	9%	17%

Total Shareholder Return performance graph

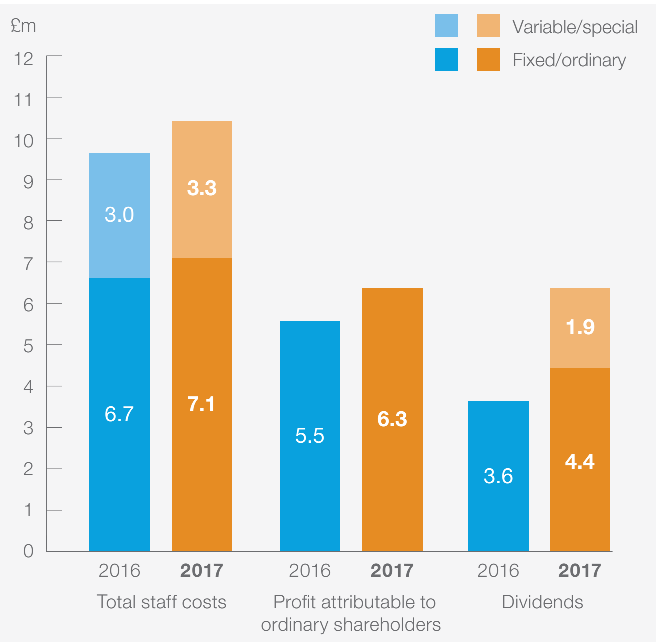
The graph shows the Group's Total Shareholder Return compared with the FTSE 350 – General Financial Index, and shows the change in the theoretical value of £100 invested in Record plc on 31 March 2012 compared to £100 invested in the FTSE 350 – General Financial Index. The FTSE 350 – General Financial 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 2017 was 46.50 pence. The highest closing share price during the financial year was 47.00 pence. The lowest closing share price during the financial year was 24.00 pence.



Relative importance of the spend on pay

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



Dividends are represented in the table above as follows:

2017: interim dividend paid in December 2016 of 0.825 pence per share, final dividend proposed of 1.175 pence per share and special dividend declared of 0.91 pence per share (total: 2.91 pence per share) with respect to the year ended 31 March 2017 (2016: 1.65 pence per share).

REMUNERATION REPORT CONTINUED

Meetings and attendance

The Remuneration Committee is chaired by David Morrison, who succeeded Andrew Sykes as Chairman in September. David is supported by two independent Non-executive Directors, Jane Tufnell and Rosemary Hilary. Andrew Sykes and Cees Schrauwers served on the Committee until their resignation in September. Jane joined the Committee upon her appointment in September 2015 and Rosemary joined the Committee upon her appointment in June 2016.

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

	Maximum possible attendance	Meetings attended
David Morrison	6	6
Jane Tufnell	6	6
Rosemary Hilary[1]	4	3
Cees Schrauwers[2]	2	2
Andrew Sykes[3]	2	2

1. Rosemary Hilary joined the Board on 1 June 2016.
2. Cees Schrauwers resigned from the Board on 22 September 2016.
3. Andrew Sykes resigned from the Board on 22 September 2016.

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 £13,950 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.

Statement of voting at the Annual General Meeting

At the AGM held on 28 July 2016, the resolution seeking approval of the remuneration report received the following votes:

	Total number of votes	% of votes cast
For	154,105,053	100%
Against	3,300	0%
Total votes cast	154,108,353	100%
Votes withheld	6,870	0%

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chairman of the Committee in May 2017, 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.

David Morrison
Chairman of the Remuneration Committee

15 June 2017

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 2 to 35;
- Board of Directors on pages 38 and 39;
- Corporate governance report on pages 40 to 43;
- Nomination Committee report on pages 44 and 45;
- Audit and Risk Committee report on pages 46 to 49;
- Remuneration report on pages 50 to 64; and
- Directors' statement of responsibilities on page 67.

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 disclosures are as follows:

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

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 70.

The Company paid an interim ordinary dividend of 0.825 pence per share on 23 December 2016 to shareholders on the register on 2 December 2016.

The Directors recommend a final ordinary dividend of 1.175 pence per ordinary share, making a total ordinary dividend of 2.00 pence per share for the year ended 31 March 2017. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 2 August 2017 to shareholders on the register at the close of business on 30 June 2017. The shares will be quoted ex-dividend from 29 June 2017. The Board has declared a special dividend of 0.91 pence per share to be paid simultaneously with the final ordinary dividend on 2 August 2017. This equates to a "total distribution" of 2.91 pence per share, equivalent to the earnings per share of 2.91 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 3,618,995 shares as at 31 March 2017 (2016: 4,942,248 shares).

Share capital

The Company has a single class of share capital consisting of ordinary shares of 0.025 pence each. Each ordinary share is equally eligible to receive dividends and the repayment of capital and represents one vote at a shareholders' meeting. Details of structure and changes in share capital are set out in note 18 to the financial statements.

At its Annual General Meeting in 2016, the Company obtained, subject to certain conditions, shareholder approval to purchase ordinary shares representing not more than 10% of its issued capital. This authority will expire on the date of this year's Annual General Meeting.

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

Substantial shareholdings

The table below sets out the names of those persons who, insofar as the Company is aware, are interested directly or indirectly in 3% or more of the issued share capital of the Company as at 31 March 2017:

	Number of ordinary 0.025p shares held	Percentage interest
Neil Record	70,980,711	32.06%
Schroders plc	33,861,514	15.30%
Leslie Hill	16,190,413	7.31%
Bob Noyen	9,409,232	4.25%

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

During the period from 17 June 2016 to 15 June 2017 the Company received one notification in accordance with DTR 5 disclosing changes to voting interests in its ordinary share capital as follows: Mike Timmins on 20 September 2016 reporting a shareholding reducing from 3.23% to below 3%.

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 agreed by the Board and signed by Neil Record on 2 October 2014 in order to ensure full compliance with the new Listing Rules.

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

(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.

Directors

The Directors of the Company who held office at the year end and to date are listed on pages 38 and 39. Cees Schrauwers and Andrew Sykes served on the Board until 29 September 2016. Their biographical details are shown in the 2016 Annual Report and Accounts. Directors' remuneration and Directors' interests in Record plc shares are disclosed in the Remuneration report.

DIRECTORS' REPORT CONTINUED

Restrictions on transfers of shares

Under the terms of the Record plc Group Profit Share Scheme rules, certain senior employees and Directors of the Company are required to receive a proportion of any award in shares, and may elect to receive a further proportion of their profit share in the form of a share award and receive a final proportion in cash. All ordinary shares which are the subject of these share awards are transferred immediately to a nominee. These shares are not subject to any vesting conditions but are subject to "lock-up" arrangements and clawback provisions. The individual is entitled to full rights in respect of these shares. No such shares can be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee unless specified anniversary dates have been reached. Further details are disclosed in note 19 to the financial statements.

Dealings in the Company's ordinary shares by persons discharging managerial responsibilities, employees of the Company and, in each case, their connected persons, are subject to the Group's dealing code which 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.

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 21 to the financial statements.

Financial reporting controls

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

Related party transactions

Details of related party transactions are set out in note 25 to the financial statements.

Post-reporting date events

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

Going concern

The Strategic report explains the Group's business activities together with the factors likely to affect its future development, performance and position and the financial statements include information on the Group's financial position, cash flows and liquidity. 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 sizeable financial resources and performs regular financial forecasts and cash flow projections, which are subject to rigorous sensitivity analysis.

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

In accordance with provision C.2.2 of the 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 27.

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' 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.

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.

Investor relations

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

The Board and the chair of each of the Board Committees will be available to answer questions put to them by shareholders of the Company at the 2017 Annual General Meeting.

2017 Annual General Meeting

The 2017 Annual General Meeting of the Company will be held at 10.00 a.m. on 27 July 2017 at the Company's registered office at Morgan House, Madeira Walk, Windsor SL4 1EP. Details of the ordinary and special resolutions to be proposed at the Annual General Meeting are given in a Chairman's letter to shareholders and the attached Notice of Annual General Meeting.

By order of the Board:

Joanne Manning
Company Secretary

15 June 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic report and Directors' report, the Remuneration report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements.

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

The Directors confirm that:

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

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. The Directors consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable.

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

To the best of our knowledge:

- the Group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report, including the Strategic report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

15 June 2017

Financial statements

INDEPENDENT AUDITOR'S REPORT

to the members of Record plc

Our opinion on the financial statements is unmodified

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Who we are reporting to

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

What we have audited

Record plc's financial statements for the year ended 31 March 2017 comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated and Company statements of cash flows and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Overview of our audit approach

- Overall group materiality: £393,000, which represents approximately 5% of the group's profit before taxation;
- We performed full scope audit procedures for Record plc, Record Currency Management Limited and Record Group Services Limited and targeted procedures for Record Currency Management (US) Inc. and Record Umbrella Funds; and
- The key audit risk was identified as revenue recognition and occurrence.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

Revenue recognition and occurrence

The risk: Revenue comprises primarily management fees which have arisen as a result of investment management activities. Management fees are calculated as a percentage of assets under management equivalents ("AUME") and, as per the Group's accounting policy in accordance with International Accounting Standard (IAS) 18 'Revenue', are accrued on a daily basis.

Due to the large monetary value, materiality within the financial statements and the susceptibility of revenue recognition to fraudulent financial reporting, we have identified revenue recognition as a significant risk requiring special audit consideration.

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

- assessing whether the stated accounting policies conform to IAS 18 and testing the implementation of these polices. Specifically, we considered where the revenue was recognised based on the transfer of the risk and rewards of ownership to the customer and the accounting period in which services were rendered by testing a sample of revenue items recognised to investment management contracts;
- analytical procedures on revenues recognised and movements in AUME to identify any significant or unusual movements which require further testing;
- for a sample of invoices, testing management fees by recalculating the fees recorded with reference to the management fee percentages and portfolio hedge ratios per the contractual arrangement and AUME. We also agreed the receipt of the management fees to bank statements;
- substantively testing a sample of debtor positions at the year end to invoices raised and subsequent receipts of cash; and
- examining post year-end activity to identify any significant reversals or credit notes raised.

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

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

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

We determined materiality for the audit of the group financial statements as a whole to be £393,000, which is approximately 5% of the group's profit before taxation. This benchmark is considered the most appropriate because in our view, it is one of the key metrics against which the financial performance of the group is measured. No revision to the materiality determined at the planning stage of our audit was necessary as we judged that it remained appropriate in the context of the Group's actual financial results for the year ended 31 March 2017.

Materiality for the current year is higher than the level that we determined for the year ended 31 March 2016 to reflect the increase in the group's profit before taxation.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the group financial statements. We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be £20,000. In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

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

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

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

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

- evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality considered significant as a percentage of the group's total assets, revenues and profit before taxation, or significance based on qualitative factors, such as specific use or concerns over specific components;
- focusing our group audit approach on the audit work associated with three significant components subject to full scope audits for the year ended 31 March 2017, namely, Record plc, Record Currency Management Limited and Record Group Services Limited. These entities represent the parent company and the most significant subsidiaries of the group and account for approximately 92% of the group's revenue. Our audit work on these components was performed at levels of materiality applicable to each individual entity which were lower than the group materiality;
- specific target procedures were also performed on another two components based on our assessment of the risks of material misstatements and the materiality of the group's operations within the components;
- evaluating the description, design effectiveness and implementation of controls relating to revenue; and
- a substantive approach on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment and our evaluation of the design and implementation of controls and the management specific risks.

Other reporting required by regulations

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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

Under the Listing Rules, we are required to review:

- the directors' statements in relation to going concern and longer-term viability, set out on pages 66 and 27 respectively; and
- the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

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

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

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

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

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

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

Responsibilities for the financial statements and the audit

What the directors are responsible for:

As explained more fully in the Directors' Responsibilities Statement set out on page 67, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Grant Thornton UK LLP

Paul Flatley

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

15 June 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

	Note	2017 £'000	2016 £'000
Revenue	3	**23,928**	21,134
Cost of sales		**(298)**	(221)
Gross profit		**23,630**	20,913
Administrative expenses		**(15,067)**	(14,123)
Operating profit	4	**8,563**	6,790
Finance income		**112**	143
Profit before tax		**8,675**	6,933
Taxation	6	**(1,540)**	(1,523)
Profit after tax and total comprehensive income for the year		**7,135**	5,410
Profit and total comprehensive income for the year attributable to:			
Non-controlling interests		**819**	(131)
Owners of the parent		**6,316**	5,541
Earnings per share for profit attributable to the equity holders of the Group during the year			
Basic earnings per share	7	**2.91p**	2.55p
Diluted earnings per share	7	**2.90p**	2.54p

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	10	**881**	81
Intangible assets	11	**245**	299
Deferred tax assets	13	**102**	43
Total non-current assets		**1,228**	423
Current assets			
Trade and other receivables	14	**6,972**	5,695
Derivative financial assets	15	**53**	106
Money market instruments with maturities > 3 months	16	**18,102**	13,020
Cash and cash equivalents	16	**19,120**	21,720
Total current assets		**44,247**	40,541
Total assets		**45,475**	40,964
Current liabilities			
Trade and other payables	17	**(3,013)**	(2,372)
Corporation tax liabilities	17	**(804)**	(776)
Derivative financial liabilities	15	**(48)**	(108)
Total current liabilities		**(3,865)**	(3,256)
Total net assets		**41,610**	37,708
Equity			
Issued share capital	18	**55**	55
Share premium account		**1,971**	1,899
Capital redemption reserve		**20**	20
Retained earnings		**34,785**	31,715
Equity attributable to owners of the parent		**36,831**	33,689
Non-controlling interest	20	**4,779**	4,019
Total equity		**41,610**	37,708

Approved by the Board on 15 June 2017 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total equity £'000
As at 1 April 2016	55	1,899	20	31,715	33,689	4,019	37,708
Profit and total comprehensive income for the year	—	—	—	6,316	6,316	819	7,135
Dividends paid	—	—	—	(3,592)	(3,592)	—	(3,592)
Own shares acquired by EBT	—	—	—	(775)	(775)	—	(775)
Release of shares held by EBT	—	72	—	992	1,064	—	1,064
Issue of units in funds to non-controlling interests	—	—	—	—	—	(59)	(59)
Share-based payment reserve movement	—	—	—	129	129	—	129
Transactions with shareholders	**—**	**72**	**—**	**(3,246)**	**(3,174)**	**(59)**	**(3,233)**
As at 31 March 2017	**55**	**1,971**	**20**	**34,785**	**36,831**	**4,779**	**41,610**

Year ended 31 March 2016

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total equity £'000
As at 1 April 2015	55	1,847	20	30,006	31,928	3,876	35,804
Profit and total comprehensive income for the year	—	—	—	5,541	5,541	(131)	5,410
Dividends paid	—	—	—	(3,750)	(3,750)	—	(3,750)
Own shares acquired by EBT	—	—	—	(1,006)	(1,006)	—	(1,006)
Release of shares held by EBT	—	52	—	536	588	—	588
Change in non-controlling interest on initial consolidation of seed fund	—	—	—	—	—	417	417
Issue of units in funds to non-controlling interests	—	—	—	—	—	(143)	(143)
Share-based payment reserve movement	—	—	—	388	388	—	388
Transactions with shareholders	—	52	—	(3,832)	(3,780)	274	(3,506)
As at 31 March 2016	55	1,899	20	31,715	33,689	4,019	37,708

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March

	Note	2017 £'000	2016 £'000
Net cash inflow from operating activities	24	**7,166**	5,509
Cash flow from investing activities			
Purchase of intangible software		**(189)**	(39)
Purchase of property, plant and equipment		**(899)**	(29)
Sale of securities		**–**	1,462
(Purchase)/sale of money market instruments with maturity > 3 months		**(5,082)**	5,079
Increase in cash as a result of consolidating FTSE FRB10 Index Fund		**–**	1,968
Interest received		**112**	165
Net cash (outflow)/inflow from investing activities		**(6,058)**	8,606
Cash flow from financing activities			
Cash flow from redemption of units in funds		**(59)**	(143)
Exercise of share options		**28**	–
Purchase of own shares		**(221)**	(794)
Dividends paid to equity shareholders	8	**(3,592)**	(3,750)
Cash outflow from financing activities		**(3,844)**	(4,687)
Net (decrease)/increase in cash and cash equivalents in the year		**(2,736)**	9,428
Effect of exchange rate changes		**136**	282
Cash and cash equivalents at the beginning of the year		**21,720**	12,010
Cash and cash equivalents at the end of the year		**19,120**	21,720
Closing cash and cash equivalents consist of:			
Cash		**7,457**	5,439
Cash equivalents		**11,663**	16,281
Cash and cash equivalents	16	**19,120**	21,720

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	2017 £'000	2016 £'000
Non-current assets			
Investments	12	**4,197**	3,666
Total non-current assets		**4,197**	3,666
Current assets			
Cash and cash equivalents	16	**2**	2
Total current assets		**2**	2
Total assets		**4,199**	3,668
Current liabilities			
Trade and other payables	17	**(11)**	(11)
Corporation tax liabilities	17	**(67)**	—
Total current liabilities		**(78)**	(11)
Total net assets		**4,121**	3,657
Equity			
Issued share capital	18	**55**	55
Share premium account		**1,809**	1,809
Capital redemption reserve		**20**	20
Retained earnings		**2,237**	1,773
Total equity		**4,121**	3,657

During the year the Company made a total comprehensive gain of £3,855,425 (2016: £4,091,492).

Approved by the Board on 15 June 2017 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2016	55	1,809	20	1,773	3,657
Profit and total comprehensive income for the year	–	–	–	3,855	3,855
Dividends paid	–	–	–	(3,592)	(3,592)
Share option reserve movement	–	–	–	201	201
Transactions with shareholders	**–**	**–**	**–**	**(3,391)**	**(3,391)**
As at 31 March 2017	**55**	**1,809**	**20**	**2,237**	**4,121**

Year ended 31 March 2016

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

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

Financial statements

COMPANY STATEMENT OF CASH FLOWS

Year ended 31 March

	Note	2017 £'000	2016 £'000
Net cash outflow from operating activities	24	**–**	(471)
Cash flow from investing activities			
Dividends received		**3,592**	4,205
Interest received		**–**	1
Net cash inflow from investing activities		**3,592**	4,206
Cash flow from financing activities			
Dividends paid to equity shareholders	8	**(3,592)**	(3,750)
Cash outflow from financing activities		**(3,592)**	(3,750)
Net decrease in cash and cash equivalents in the year		**–**	(15)
Cash and cash equivalents at the beginning of the year		**2**	17
Cash and cash equivalents at the end of the year		**2**	2
Closing cash and cash equivalents consist of:			
Cash		**2**	2
Cash equivalents		**–**	–
Cash and cash equivalents		**2**	2

The notes on pages 77 to 102 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

1. Accounting policies

In order to increase the clarity of the notes to the financial statements, accounting policy descriptions appear at the beginning of the note to which they relate, and are shown in purple 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 2017. 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 pages 65 and 66 for more detail. For this reason the financial statements have been prepared on a going concern basis.

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

Impact of new accounting standards

A number of amendments to existing standards and interpretations have been issued, some of which were mandatory for periods beginning 1 April 2016, with the remaining becoming effective in future periods. The new standards and amendments to existing standards effective for the year to 31 March 2017 have not had a material impact on the financial statements of Record plc.

Standard	Description	Effective date
Amendments to IAS 1 (December 2014)	Part of the disclosure initiative aimed at improving financial statement presentation and disclosures	1 January 2016

Standards and interpretations issued but not yet adopted

Standard	Description	Effective date (periods commencing on or after 1 January 2017)
IFRS 9 (July 2014)	Financial instruments	1 January 2018
IFRS 15 (May 2014)	Revenue from contracts with customers	1 January 2018
IFRS 16 (January 2016)	Leases	1 January 2019

IFRS 9 has been endorsed by the EU and replaces the classification and measurement models for financial instruments in IAS 39 with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The Group's business model and the contractual cash flows arising from its investments in financial instruments determine the classification. The impact of the standard will depend on the types of financial instruments held by the Group on adoption. The detailed assessment of the exact impact IFRS 9 will have on the Group's financial statements is ongoing.

IFRS 15 has been endorsed by the EU and deals with revenue recognition; establishing principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised in a manner that depicts the pattern of transfer of services to the customer, according to a five-step model stipulated by the standard. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group does not anticipate that IFRS 15 will have a material impact on results. However, additional disclosures may be required.

IFRS 16 "Leases" will replace IAS 17 "Leases". IFRS 16 requires that all operating leases in excess of one year, where the Group is the lessee, are included on the Group's statement of financial position. The Group will be required to recognise a right-of-use ("ROU") asset and a lease liability (representing the obligation to make lease payments). The ROU asset will be amortised on a straight-line basis with the interest expense on the lease liability being measured using the effective interest method. IFRS 16 contains optional exemptions for both short-term leases (less than twelve months) and for small-value leases. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement and the entity adopting IFRS 15 at the same time. The Group is currently assessing the impact of IFRS 16 on its financial statements.

No other standards or interpretations issued but not yet effective are expected to have a material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2017

1. Accounting policies continued

(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 2017. Subsidiaries are entities controlled by the Company and are included from the date that control commences until the date that control ceases. Control is achieved where the Company is exposed to or has rights over variable returns from its involvement with the entity and it has the power to affect returns. Where the Group controls an entity, but does not own all the share capital of that entity, the interest of the other shareholders' non-controlling interests is stated within equity at the non-controlling interests' proportion of the fair value of the recognised assets and liabilities.

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

The accounts of subsidiary undertakings, which are prepared using uniform accounting policies, are coterminous with those of the Company apart from those of the seeded funds which have accounting reference dates of 30 September. The consolidated financial statements incorporate the financial performance of the seeded funds in the year ended 31 March 2017 and the financial position of the seeded funds as at 31 March 2017.

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 £3,855,425 attributable to the Company (2016: £4,091,492).

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 profit or loss.

(d) Financial instruments

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

(e) Impairment of assets

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

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

(f) Provisions and contingent liabilities

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

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

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

(g) Equity

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

2. Critical accounting estimates and judgements

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

Note 1.b. describes the basis which the Group uses to determine whether it controls seed funds. Note 19 covers the assumptions made in calculating the fair value of share options offered by the Group to its employees. The Directors have judged that the Group does not bear substantially all the risks and rewards of ownership of its leasehold premises and therefore accounts for the leases as operating leases as described in note 23.

3. Revenue

Revenue recognition

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

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

Segmental analysis

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

(a) Product revenues

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

Revenue by product type	2017 £'000	2016[1] £'000
Management fees		
Dynamic Hedging	**5,542**	5,513
Passive Hedging	**12,130**	9,438
Currency for Return	**1,025**	791
Multi-product	**4,021**	5,199
Total management fee income	**22,718**	20,941
Performance fee income – Dynamic Hedging	**—**	315
Other income	**1,210**	(122)
Total revenue	**23,928**	21,134

Other income includes gains attributable to the non-controlling interest's holding in the funds of £821,769 (2016: losses of £112,274).

1. During the year, the Group introduced a new product classification (Multi-product) and has restated the prior year analysis on the revised basis. A full reconciliation of the analysis under historic and revised classification is provided on page 103.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 31 March 2017

3. Revenue continued
(b) Geographical analysis
The geographical analysis of revenue is based on the destination i.e. the location of the client to whom the services are provided. All turnover originated in the UK.

Revenue by geographical region	2017 £'000	2016 £'000
Management and performance fee income		
UK	**3,863**	4,501
US	**4,979**	3,746
Switzerland	**11,576**	11,939
Other	**2,300**	1,070
Total management and performance fee income	**22,718**	21,256
Other income	**1,210**	(122)
Total revenue	**23,928**	21,134

Other income is not analysed by geographical region.

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

(c) Major clients
During the year ended 31 March 2017, four clients individually accounted for more than 10% of the Group's revenue. The four largest clients generated revenues of £3.7 million, £3.4 million, £2.9 million and £2.5 million in the year (2016: five largest clients generated revenues of £2.8 million, £2.8 million, £2.4 million, £2.4 million and £2.3 million).

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

	2017 £'000	2016 £'000
Staff costs	**10,434**	9,693
Depreciation of property, plant and equipment	**99**	77
Amortisation of intangibles	**243**	244
Auditor fees:		
Fees payable to the Group's auditor for the audit of the Company's annual accounts	**45**	45
Fees payable to the Group's auditor for the audit of subsidiary undertakings	**40**	39
Fees payable to the Group's auditor and its associates for other services:		
Corporation tax services	**–**	10
Audit-related assurance services	**68**	68
Operating lease rentals: land and buildings	**502**	224
Loss on forward FX contracts held to hedge cash flow	**506**	315
(Gain)/loss on derivative financial instruments held by seed funds	**(612)**	178
Exchange gain on revaluation of non-controlling interests' holding in seed funds	**(420)**	(17)
Other exchange gains	**(450)**	(281)

5. Staff costs

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

	2017	2016
Corporate	9	9
Client relationships	14	12
Investment research	12	10
Operations	22	23
Risk management	5	4
Support	11	11
Annual average	**73**	69

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

	2017 £'000	2016 £'000
Wages and salaries	7,499	6,922
Social security costs	1,059	1,005
Pension costs	376	479
Other employment benefit costs	1,500	1,287
Aggregate staff costs	**10,434**	9,693

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

6. Taxation – Group

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

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

	2017 £'000	2016 £'000
Profit before taxation	8,675	6,933
Taxation at the standard rate of tax in the UK of 20% (2016: 20%)	1,735	1,387
Tax effects of:		
Other disallowable expenses and non-taxable income	18	15
Capital allowances for the period (higher)/lower than depreciation	(14)	26
Higher tax rates on subsidiary undertakings	11	3
Adjustments recognised in current year in relation to the current tax of prior years	–	4
(Profit)/loss attributable to non-controlling interests	(164)	26
Other temporary differences	(46)	62
Total tax expense	**1,540**	1,523
The tax expense comprises:		
Current tax expense	1,599	1,493
Deferred tax expense	(59)	30
Total tax expense	**1,540**	1,523

The standard rate of UK corporation tax for the year is 20% (2016: 20%). 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 2017 was £1,539,580 (2016: £1,522,827) which was 17.7% of profit before tax (2016: 22.0%).

Financial statements

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2017

7. Earnings per share

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

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

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

	2017	2016
Weighted average number of shares used in calculation of basic earnings per share	**217,401,660**	217,176,877
Effect of potential dilutive ordinary shares – share options	**591,036**	711,980
Weighted average number of shares used in calculation of diluted earnings per share	**217,992,696**	217,888,857

	pence	pence
Basic earnings per share	**2.91**	2.55
Diluted earnings per share	**2.90**	2.54

The potential dilutive shares relate to the share options granted in respect of the Group's Share Scheme (see note 19). There were share options in place at the beginning of the period over 13,369,249 shares. During the year 1,589,458 share options were exercised, and a further 2,320,748 share options lapsed or were forfeited. The Group granted 4,197,521 share options with a potentially dilutive effect during the year. All of the 13,656,564 share options in place at the end of the period have a dilutive impact at the year end.

8. Dividends

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

The dividends paid by the Group during the year ended 31 March 2017 totalled £3,591,603 (1.65 pence per share) which comprised a final dividend in respect of the year ended 31 March 2016 of £1,790,888 (0.825 pence per share) and an interim dividend for the year ended 31 March 2017 of £1,800,715 (0.825 pence per share).

The dividends paid by the Group during the year ended 31 March 2016 totalled £3,749,849 (1.725 pence per share) which comprised a final dividend in respect of the year ended 31 March 2015 of £1,962,261 (0.90 pence per share) and an interim dividend for the year ended 31 March 2016 of £1,787,588 (0.825 pence per share).

For the year ended 31 March 2017, a final ordinary dividend of 1.175 pence per share has been proposed and a special dividend of 0.91 pence per share has been declared.

9. Retirement benefit obligations

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

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

The pension cost charge represents contributions payable by the Group to the funds and amounted to £375,845 (2016: £479,206).

10. Property, plant and equipment – Group

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

- Leasehold improvements – period from lease commencement to the earlier of the lease termination date and the next rent review date
- Computer equipment – 2 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:

2017	**Leasehold improvements £'000**	**Computer equipment £'000**	**Fixtures and fittings £'000**	**Total £'000**
Cost				
At 1 April 2016	534	542	244	1,320
Additions	635	106	158	899
Disposals	(534)	(106)	(98)	(738)
At 31 March 2017	**635**	**542**	**304**	**1,481**
Depreciation				
At 1 April 2016	534	483	222	1,239
Charge for the year	36	46	17	99
Disposals	(534)	(106)	(98)	(738)
At 31 March 2017	**36**	**423**	**141**	**600**
Net book amounts				
At 31 March 2017	**599**	**119**	**163**	**881**
At 1 April 2016	—	59	22	81

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2017

11. Intangible assets

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

- Software – 2 to 5 years

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

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

2017	**Software £'000**	**Total £'000**
Cost		
At 1 April 2016	1,189	1,189
Additions	189	189
Disposals	—	—
At 31 March 2017	**1,378**	**1,378**
Amortisation		
At 1 April 2016	890	890
Charge for the year	243	243
Disposals	—	—
At 31 March 2017	**1,133**	**1,133**
Net book amounts		
At 31 March 2017	**245**	**245**
At 1 April 2016	299	299

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

Intangible assets includes the capitalised development costs of the Group's middle and back office system which was completed in June 2012 and has an estimated useful economic life of five years. The annual contractual commitment for the maintenance and support of software is £174,941 (2016: £138,112). All amortisation charges are included within administrative expenses.

12. 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. Investments in funds are measured at fair value through profit or loss.

	2017 £'000	2016 £'000
Investment in subsidiaries (at cost)		
Record Currency Management Limited	**10**	10
Record Group Services Limited	**10**	10
Record Portfolio Management Limited	**10**	10
Record Currency Management (US) Inc.	**–**	–
Record Fund Management Limited	**–**	–
N P Record Trustees Limited	**–**	–
Total investment in subsidiaries (at cost)	**30**	30
Capitalised investment in respect of share-based payments		
Record Currency Management (US) Inc.	**68**	79
Record Group Services Limited	**789**	578
Total capitalised investment in respect of share-based payments	**857**	657
Total investment in subsidiaries	**887**	687

Particulars of subsidiary undertakings

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

The Group's interest in the equity capital of subsidiary undertakings is 100% of the ordinary share capital in all cases. Record Currency Management (US) Inc. is incorporated in Delaware (registered office: Corporation Service Company, 2711 Centerville Road, Wilmington, DE 19808), and 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 funds

In addition to the subsidiaries listed above, funds are consolidated where the Group has determined that a controlling interest exists through an investment holding in the fund, in accordance with IFRS 10 Consolidated Financial Statements. These funds are seed investments, which have various investment objectives and policies and are subject to the terms and conditions of their offering documentation. The principal activity of each is to invest capital from investors in a portfolio of assets in order to provide a return for those investors.

The Group has controlled both the Record Currency – Emerging Market Currency Fund and the Record Currency – Strategy Development Fund throughout the year ended 31 March 2017 and the comparative period, the year ended 31 March 2016, and both were consolidated in full, on a line-by-line basis in the Group's financial statements throughout these periods.

The Group was not in control of the Record Currency – FTSE FRB10 Index Fund as at 1 April 2015, at which point the Group did not consolidate the fund on a line-by-line basis, but the Group did regain control of the fund on 1 September 2015 and has consolidated it in full on a line-by-line basis since that date.

In May 2013, the Company invested in the Record Currency – Global Alpha Fund which changed its name to Record Currency – Strategy Development Fund in November 2015. The Group has controlled this fund since inception, and the fund is consolidated in full on a line-by-line basis.

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For the year ended 31 March 2017

12. Investments continued

Investment in funds continued

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

Investment in funds	2017 £'000	2016 £'000
Record Currency – FTSE FRB10 Index Fund	1,146	1,060
Record Currency – Emerging Market Currency Fund	1,104	1,000
Record Currency – Strategy Development Fund (formerly Global Alpha Fund)	1,060	919
Total	3,310	2,979

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

13. Deferred taxation – Group

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

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

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

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

	2017 £'000	2016 £'000
Profit and loss account movement arising during the year	59	(30)
Asset brought forward	43	73
Asset carried forward	102	43

The deferred tax asset consists of the tax effect of temporary differences in respect of:

	2017 £'000	2016 £'000
Deferred tax allowance on unvested share options	191	10
Surplus/shortfall of taxation allowances over depreciation on fixed assets	(89)	33
Total	102	43

At the year end the Group had deferred tax assets of £101,606 (2016: £42,850). At the year end there were share options not exercised with an intrinsic value for tax purposes of £1,006,095 (2016: £47,742). On exercise the Group will be entitled to a corporation tax deduction in respect of the difference between the exercise price and the strike price. There is no unprovided deferred taxation.

14. Trade and other receivables

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

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

	2017 £'000	2016 £'000
Trade receivables	5,937	4,027
Accrued income	85	1,055
Other receivables	29	25
Prepayments	921	588
Total	6,972	5,695

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. All of the Group's trade and other receivables have been reviewed for indicators of impairment; no such indicators were noted. The Group has not renegotiated the terms of any receivables in the year ended 31 March 2017. The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired, is £nil (2016: £nil).

15. Derivative financial assets and liabilities

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

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

Derivative financial assets	2017 £'000	2016 £'000
Forward foreign exchange contracts held to hedge cash flow	18	—
Forward foreign exchange contracts held for trading	35	106
Total	**53**	106

Derivative financial liabilities	2017 £'000	2016 £'000
Forward foreign exchange contracts held to hedge cash flow	(5)	(108)
Forward foreign exchange contracts held for trading	(43)	—
Total	**(48)**	(108)

Derivative financial instruments held to hedge cash flow

At 31 March 2017 there were outstanding contracts with a principal value of £7,786,158 (31 March 2016: £5,996,550) 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 2017. The Group does not apply hedge accounting.

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

Derivative financial instruments held to hedge cash flow	2017 £'000	2016 £'000
Net loss on forward foreign exchange contracts at fair value through profit or loss	(506)	(315)

Derivative financial instruments held for trading

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

All derivative financial instruments held by the Record Currency – Strategy Development Fund (formerly the Global Alpha Fund) and the Record Currency – Emerging Market Currency Fund were classified as held for trading throughout the period. The derivative financial instruments held by the Record Currency – FTSE FRB10 Index Fund were classified as held for trading from 1 September 2015 when the fund was consolidated into the Group financial statements.

At 31 March 2017 there were outstanding contracts with a principal value of £16,085,621 (31 March 2016: £14,621,185).

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

Derivative financial instruments held for trading	2017 £'000	2016 £'000
Net gain/(loss) on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	612	(178)

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For the year ended 31 March 2017

16. Cash management

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

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

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

	Group		Company	
Assets managed as cash	**2017 £'000**	2016 £'000	**2017 £'000**	2016 £'000
Bank deposits with maturities > 3 months	**15,203**	11,518	**–**	–
Treasury bills with maturities > 3 months	**2,899**	1,502	**–**	–
Money market instruments with maturities > 3 months	**18,102**	13,020	**–**	–
Cash	**7,457**	5,439	**2**	2
Bank deposits with maturities <= 3 months	**11,663**	16,281	**–**	–
Cash and cash equivalents	**19,120**	21,720	**2**	2
Total assets managed as cash	**37,222**	34,740	**2**	2

	Group		Company	
Cash and cash equivalents	**2017 £'000**	2016 £'000	**2017 £'000**	2016 £'000
Cash and cash equivalents – sterling	**14,174**	16,641	**2**	2
Cash and cash equivalents – USD	**1,026**	1,941	**–**	–
Cash and cash equivalents – CHF	**3,846**	3,067	**–**	–
Cash and cash equivalents – other currencies	**74**	71	**–**	–
Total cash and cash equivalents	**19,120**	21,720	**2**	2

The Group cash and cash equivalents balance incorporates the cash held by any fund deemed to be under control of Record plc (refer to note 12 for explanation of accounting treatment). As at 31 March 2017, the cash and cash equivalents held by the seed funds over which the Group had control totalled £5,140,828 (31 March 2016: £5,380,007) and the money market instruments with maturities > 3 months held by these funds were £2,899,233 (31 March 2016: £1,502,326).

17. Current liabilities

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

Trade and other payables

	Group		Company	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Trade payables	**418**	171	**–**	–
Amounts owed to Group undertakings	**–**	–	**11**	11
Other payables	**82**	2	**–**	–
Other tax and social security	**324**	248	**–**	–
Accruals	**2,189**	1,951	**–**	–
Total	**3,013**	2,372	**11**	11

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

Current tax liabilities

	Group		Company	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
Corporation tax	**804**	776	**67**	—

18. Called up share capital

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

	2017		2016	
	£'000	**Number**	£'000	Number
Authorised				
Ordinary shares of 0.025p each	**100**	**400,000,000**	100	400,000,000
Called up, allotted and fully paid				
Ordinary shares of 0.025p each	**55**	**221,380,800**	55	221,380,800

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

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

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

	Number
Record plc shares held by EBT as at 31 March 2015	3,848,062
Adjustment for net purchases by EBT	1,094,186
Record plc shares held by EBT as at 31 March 2016	4,942,248
Adjustment for net sales by EBT	(1,323,253)
Record plc shares held by EBT as at 31 March 2017	**3,618,995**

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

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

19. Share-based payments

During the year ended 31 March 2017 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; and

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

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

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For the year ended 31 March 2017

19. Share-based payments continued

(a) Group Profit Share Scheme

Share-based payments with cash alternatives

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

The Group Profit Share Scheme allocates a proportion of operating profits to a profit share pool to be distributed between all employees of the Group. The Remuneration Committee has the discretion to vary the proportion awarded to the profit share pool between 25% and 35% of operating profits, with the intention of maintaining an average level of 30% of operating profits over the medium term. Directors and senior employees receive one third of their profit share in cash, one third in shares ("Earned Shares") and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares. The charge to profit or loss in respect of Earned Shares in the period was £733,858 (2016: £631,252). Other employees receive two thirds of their profit share in cash and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares.

If an individual elects to receive Additional Shares, the Group simultaneously awards a Matching Share value amount using a multiple decided by the Remuneration Committee. The multiple is dependent on the level of seniority of the employee. The number of shares is determined by the post-tax cash attributed to Earned Shares plus Additional Shares plus Matching Shares divided by the aggregate market value achieved on the purchase of all such shares in the market. The charge to profit or loss in respect of Matching Shares in the period was £292,525 (2016: £262,426). Shares awarded under the 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 individual to retain full rights in respect of the shares purchased. These shares cannot be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee except as follows:

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

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

Shares awarded under this scheme are purchased in the market.

(b) The Record plc Share Scheme

Equity-settled share-based payments

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

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

The Record plc Share Scheme 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 Unapproved Options to employees and Directors and Part 2 allows the grant of HMRC 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 recently been granted with a market value exercise price in the same way as for the Approved Options.

Options over an aggregate of 4,197,521 shares were granted under the Share Scheme during the year (2016: 4,402,249), of which 3,790,000 were made subject to Unapproved Options and 407,521 to Approved Options (2016: 3,197,500 made subject to Unapproved Options and 1,204,749 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 328,574 Approved Options issued on 30 November 2016 each become exercisable on the fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 1,590,000 Unapproved Options issued on 30 November 2016 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 2,200,000 Unapproved Options issued on 30 November 2016 each become exercisable in three equal tranches on the third, fourth and fifth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent personal performance conditions have been satisfied.

The 78,947 Approved Options issued on 31 January 2017 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 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 2017 were determined using a Black-Scholes option-pricing method and the following assumptions:

Model input	Weighted average value
Share price	34.1p
Exercise price	34.1p
Expected volatility	60%
Option life	2.3 years
Risk-free interest rate (%)	0.73%

Expected volatility is based on historical volatility.

The Group share-based payment expense in respect of the Share Scheme was £200,220 for the year ended 31 March 2017 (2016: £240,067).

Outstanding share options

At 31 March 2017, the total number of ordinary shares of 0.025 pence outstanding under Record plc share compensation schemes was 13,656,564 (2016: 13,369,249). These deferred share awards and options are over issued shares, a proportion of which are hedged by shares held in an Employee Benefit Trust. Details of outstanding share options and deferred shares awarded to employees are set out below:

Date of grant	At 1 April 2016	Granted	Exercised	Lapsed/ forfeited	At 31 March 2017	Earliest vesting date	Latest vesting date[1]	Exercise price
08/08/11	75,000	–	–	(75,000)	**–**	08/08/13	08/08/15	£0.3225
02/12/11	200,000	–	(200,000)	–	**–**	02/12/15	02/12/15	£0.1440
18/12/12	1,440,000	–	–	(1,440,000)	**–**	18/12/16	18/12/16	£0.3098
18/12/12	102,500	–	(51,250)	(51,250)	**–**	18/12/13	18/12/16	£0.3098
27/09/13	480,000	–	–	–	**480,000**	27/09/17	27/09/17	£0.3085
27/09/13	982,500	–	(321,250)	(333,750)	**327,500**	27/09/14	27/09/17	£0.3085
18/11/13	1,400,000	–	(233,333)	(233,333)	**933,334**	18/11/16	18/11/18	£0.3000
26/11/14	2,160,000	–	–	–	**2,160,000**	26/11/17	26/11/19	£0.3586
24/03/15	320,000	–	–	(50,000)	**270,000**	24/03/19	24/03/19	£0.3450
24/03/15	1,847,000	–	(452,375)	(9,375)	**1,385,250**	24/03/16	24/03/19	£0.3450
01/12/15	1,800,000	–	–	–	**1,800,000**	01/12/18	01/12/20	£0.2888
27/01/16	1,325,000	–	(331,250)	–	**993,750**	27/01/17	27/01/20	£0.2450
27/01/16	837,249	–	–	(128,040)	**709,209**	27/01/20	27/01/20	£0.2450
27/01/16	327,500	–	–	–	**327,500**	27/01/19	27/01/21	£0.2450
27/01/16	72,500	–	–	–	**72,500**	27/01/19	27/01/21	£0.2450
30/11/16	–	328,574	–	–	**328,574**	30/11/20	30/11/20	£0.34072
30/11/16	–	1,590,000	–	–	**1,590,000**	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
Total options	13,369,249	4,197,521	(1,589,458)	(2,320,748)	**13,656,564**			
Weighted average exercise price of options	£0.30	£0.34	£0.28	£0.31	**£0.32**			

During the year 1,589,458 options were exercised. The weighted average share price at date of exercise was £0.37. At 31 March 2017 a total of 461,750 options had vested and were exercisable.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2017

19. Share-based payments continued

(b) The Record plc Share Scheme continued

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

	Ordinary shares held as at 31 March 2017	Ordinary shares held as at 31 March 2016
Record plc Group Profit Share Scheme (interest in restricted share awards)		
James Wood-Collins	**573,568**	783,651
Leslie Hill	**759,618**	542,301
Bob Noyen	**374,641**	343,548
Steve Cullen	**380,429**	270,824
Record plc Share Scheme (interest in unvested share options)		
James Wood-Collins	**2,663,334**	2,580,000
Leslie Hill	**1,730,000**	1,180,000
Bob Noyen	**1,730,000**	1,180,000
Steve Cullen	**1,370,000**	895,000

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 + 13%	75%
>RPI growth + 7%, = <RPI + 10%	50%
>RPI growth + 4%, = <RPI + 7%	25%
=<RPI growth + 4%	0%

Approved options issued to all other staff are subject to performance measures linked to the Group's total shareholder return ("TSR") and vest on the fourth anniversary of the date of grant, subject to these measures. At vesting date, a percentage of the total options granted may vest based upon Record's TSR performance versus the median TSR performance as measured against the FTSE 350 General Financial – Price Index. Options awarded subject to TSR performance conditions are valued using a 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 49,264 free shares (2016: 49,223 free shares) to employees. The expense charged in respect of the SIP was £14,838 in the year ended 31 March 2017 (2016: £14,690).

20. Non-controlling interest

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

Record has seeded three funds which have been active during the year ended 31 March 2017.

The Record Currency – Emerging Market Currency Fund was considered to be under control of the Group as the combined holding of Record plc and its Directors constituted a majority interest throughout the period. Similarly, the Record Currency – Strategy Development Fund is considered to be under control of the Group as the combined holding of Record plc and its Directors has constituted a majority interest since inception. The Record Currency – Strategy Development Fund was known as the Record Currency – Global Alpha Fund until it was renamed on 26 November 2015.

The Record Currency – FTSE FRB10 Index Fund was considered to be under control of the Group on 31 March 2017, but it was not under the control of the Group during the period from 28 February 2014 to 31 August 2015, when the amount of external investment meant that Record did not hold a majority interest.

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

Relative holding of investors other than Record plc in seeded funds consolidated into the accounts of the Record Group	2017	2016
Record Currency – Emerging Market Currency Fund		
Board Directors	**38%**	61%
Other investors	**42%**	17%
Total non-controlling interest	**80%**	78%
Record Currency – Strategy Development Fund (formerly Global Alpha Fund)		
Board Directors	**–**	–
Other investors	**–**	–
Total non-controlling interest	**–**	–
Record Currency – FRB10 Index Fund		
Board Directors	**–**	–
Other investors	**29%**	29%
Total non-controlling interest	**29%**	29%

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

	2017 £'000	2016 £'000
Total assets	**5,514**	4,668
Total liabilities	**(102)**	(85)
Net assets	**5,412**	4,583
Equity attributable to owners of the parent	**1,104**	1,000
Non-controlling interests	**4,308**	3,583
Equity	**5,412**	4,583
Profit/(loss) and total comprehensive income/(loss) for the year attributable to owners of the parent	**104**	(27)
Profit/(loss) and total comprehensive income/(loss) for the year attributable to the non-controlling interest	**364**	(76)
Profit/(loss) and total comprehensive income/(loss) for the year	**468**	(103)
Cash inflow	**(584)**	360

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For the year ended 31 March 2017

20. Non-controlling interest continued

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

	2017 £'000	2016 £'000
Total assets	**1,063**	921
Total liabilities	**(3)**	(2)
Net assets	**1,060**	919
Equity attributable to owners of the parent	**1,060**	919
Non-controlling interests	**–**	–
Equity	**1,060**	919
Profit/(loss) and total comprehensive income/(loss) for the year attributable to owners of the parent	**4**	(66)
Loss and total comprehensive loss for the year attributable to the non-controlling interest	**–**	(88)
Profit/(loss) and total comprehensive income/(loss) for the year	**4**	(154)
Cash inflow	**123**	113

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

	2017 £'000	2016 £'000
Total assets	**1,650**	1,520
Total liabilities	**(33)**	(24)
Net assets	**1,617**	1,496
Equity attributable to owners of the parent	**1,146**	1,060
Non-controlling interests	**471**	436
Equity	**1,617**	1,496
Profit/(loss) and total comprehensive income/(loss) for the year attributable to owners of the parent	**86**	(45)
Profit and total comprehensive income attributable to non-controlling interest since 1 September 2015	**35**	18
Profit/(loss) and total comprehensive income/(loss) for the year	**121**	(27)
Cash inflow	**222**	987

Mark to market value of external holding in seed funds consolidated into the accounts of the Record Group	2017 £'000	2016 £'000
Record Currency – Emerging Market Currency Fund	**4,308**	3,583
Record Currency – FTSE FRB10 Index Fund	**471**	436
Record Currency – Strategy Development Fund (formerly Global Alpha Fund)	**–**	–
	4,779	4,019

21. Financial risk management

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

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

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

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

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

Credit risk

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

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

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

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

Financial assets at 31 March	2017 £'000	2016 £'000
Trade receivables	5,937	4,027
Accrued income	85	1,055
Other receivables	29	25
Other financial assets at fair value through profit or loss	53	106
Money market instruments with maturities > 3 months	18,102	13,020
Cash and cash equivalents	19,120	21,720
	43,326	39,953

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 2017	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	5,937	5,790	147	—
Accrued income	85	85	—	—
	6,022	5,875	147	—
		98%	2%	0%

At 31 March 2016	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	4,027	3,912	115	—
Accrued income	1,055	1,055	—	—
	5,082	4,967	115	—
		98%	2%	0%

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 54 debtors' balances (2016: 51). The largest individual debtor corresponds to 16% of the total balance (2016: 15%). Debtor days, based on the generally accepted calculation of debtor days, is 91 days (2016: 70 days). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2017 2% of debt was overdue (2016: 2%). No debtors' balances have been renegotiated during the year or in the prior year.

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For the year ended 31 March 2017

21. Financial risk management continued

Liquidity risk

The Group is exposed to liquidity risk, namely that it may be unable to meet its payment obligations as they fall due. The Group maintains sufficient cash and marketable securities to be able to meet all such obligations. Management review cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet the future working capital requirements and to take advantage of business opportunities. The average creditor payment period is 33 days (2016: 14 days).

Contractual maturity analysis for financial liabilities:

At 31 March 2017	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	418	272	27	119
Accruals	2,189	90	1,027	1,072
Derivative financial liabilities	48	45	3	—

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

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 2017	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Trade receivables	—	—	5,937	5,937
Accrued income	—	—	85	85
Other receivables	—	—	29	29
Derivative financial assets at fair value through profit or loss	—	—	53	53
Money market instruments with maturities > 3 months	18,102	—	—	18,102
Cash and cash equivalents	11,663	7,457	—	19,120
Total financial assets	**29,765**	**7,457**	**6,104**	**43,326**
Financial liabilities				
Trade payables	—	—	(418)	(418)
Accruals	—	—	(2,189)	(2,189)
Derivative financial liabilities at fair value through profit or loss	—	—	(48)	(48)
Total financial liabilities	**—**	**—**	**(2,655)**	**(2,655)**

At 31 March 2016	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Trade receivables	–	–	4,027	4,027
Accrued income	–	–	1,055	1,055
Other receivables	–	–	25	25
Derivative financial assets at fair value through profit or loss	–	–	106	106
Money market instruments with maturities > 3 months	13,020	–	–	13,020
Cash and cash equivalents	16,281	5,439	–	21,720
Total financial assets	29,301	5,439	5,213	39,953
Financial liabilities				
Trade payables	–	–	(171)	(171)
Accruals	–	–	(1,951)	(1,951)
Derivative financial liabilities at fair value through profit or loss	–	–	(108)	(108)
Total financial liabilities	–	–	(2,230)	(2,230)

Foreign currency risk

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

The Group is exposed to foreign currency risk on sales and cash holdings that are denominated in a currency other than sterling, and also on assets and liabilities held by the Record Currency – Strategy Development Fund (formerly Global Alpha Fund). The principal currencies giving rise to this risk are the US dollar, the Swiss franc, the euro and the Canadian dollar.

During the year ended 31 March 2017, the Group invoiced the following amounts in currencies other than sterling:

	Local currency value '000	Value in reporting currency £'000
Swiss franc (CHF)	14,083	11,021
US dollar (USD)	8,046	6,297
Euro (EUR)	2,055	1,750
Canadian dollar (CAD)	660	390
Swedish Krona (SEK)	482	43
Singapore dollar (SGD)	36	20
		19,521

The value of revenues for the year ended 31 March 2017 that were denominated in currencies other than sterling was £19.5 million (31 March 2016: £16.7 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.

Of the cash denominated in currencies other than sterling (refer to note 16), only the cash holdings of the Record Currency – Strategy Development Fund (totalling £1,042,229) are not covered by the Group's hedging process, therefore the Directors consider that the foreign currency risk on cash balances is not material.

The Group is exposed to foreign currency risk on all the assets and liabilities held by the Record Currency – Strategy Development Fund, which are consolidated into the Group financial statements. The impact of the valuation of the net assets of this seed fund is incorporated into the analysis of sensitivity to the sterling/US dollar rate below.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2017

21. Financial risk management continued

Foreign currency risk – sensitivity analysis

The Group has considered the sensitivity to exchange rate movements by considering the impact on those revenues, costs, 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	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
10% weakening in the £/$ exchange rate	**673**	653	**673**	653
10% strengthening in the £/$ exchange rate	**(673)**	(653)	**(673)**	(653)
10% weakening in the £/CHF exchange rate	**682**	583	**682**	583
10% strengthening in the £/CHF exchange rate	**(682)**	(583)	**(682)**	(583)

Sterling/US dollar exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the average sterling/USD exchange rate of $1.30/£ this would result in a weakened exchange rate of $1.19/£ and a strengthened exchange rate of $1.44/£.

Sterling/Swiss franc exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the average sterling/CHF exchange rate of CHF1.29/£ this would result in a weakened exchange rate of CHF1.17/£ and a strengthened exchange rate of CHF1.43/£.

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

Emerging Market Currency Fund

The Group seeded a product in December 2010 called the Record Currency – Emerging Market Currency Fund, which manages a portfolio of emerging market currency deliverable forward exchange contracts and emerging market currency non-deliverable forward exchange contracts in order to achieve a return. As Record plc exerts control over the fund, it has been consolidated into the Group's primary statements. The net assets of the fund at 31 March 2017 were £5,411,855 (2016: £4,583,029).

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

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2017 £'000	2016 £'000	**2017 £'000**	2016 £'000
10% depreciation in the Emerging Market portfolio	**(490)**	(412)	**(490)**	(412)
10% appreciation in the Emerging Market portfolio	**490**	412	**490**	412

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

22. Fair value measurement

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

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

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

	2017 £'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	18	–	18	–
Forward foreign exchange contracts used for seed funds	35	–	35	–
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(5)	–	(5)	–
Forward foreign exchange contracts used for seed funds	(43)	–	(43)	–
Total	**5**	**–**	**5**	**–**

	2016 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts used for seed funds	106	–	106	–
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(108)	–	(108)	–
Total	(2)	–	(2)	–

There have been no transfers between levels in the reporting period (2016: 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 2017	Note	Loans and receivables £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
Trade and other receivables (excludes prepayments)	14	6,051	–	–	–
Money market instruments with maturities > 3 months	16	18,102	–	–	–
Cash and cash equivalents	16	19,120	–	–	–
Derivative financial assets at fair value through profit or loss	15	–	–	53	–
Trade payables	17	–	(418)	–	–
Accruals	17	–	(2,189)	–	–
Derivative financial liabilities at fair value through profit or loss	15	–	–	–	(48)
Total		**43,273**	**(2,607)**	**53**	**(48)**

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

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For the year ended 31 March 2017

23. Operating lease commitments

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

On 25 January 2006, the Group signed a ten year lease on premises at First Floor, Morgan House, Madeira Walk, Windsor, at an annual commitment of £229,710 per annum and this expired on 19 June 2016. On 20 May 2016, a lease extension was signed allowing the business to remain in its current offices from 20 June 2016, for a maximum of nine months to 20 March 2017. Simultaneously, an agreement for lease was signed on alternative space in the same building, subject to the completion of refurbishment works, allowing the business to remain in the same building until September 2022.

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 per annum, expiring 1 September 2022. On 28 November 2016 staff relocated from First Floor, Morgan House to the new offices on Second and Third Floor, Morgan House. The lease extension for First Floor, Morgan House was terminated on 30 November 2016.

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 per annum.

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 2017 the Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	2017 £'000	2016 £'000
Not later than one year	**608**	143
Later than one year and not later than five years	**2,134**	177
Later than five years	**211**	—
Total	**2,953**	320

24. Cash flow from operating activities

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

Group

	2017 £'000	2016 £'000
Operating profit	**8,563**	6,790
Adjustments for non-cash movements:		
Depreciation of property, plant and equipment	**99**	77
Amortisation of intangible assets	**243**	244
Net release of shares previously held by EBT	**587**	374
Share-based payments	**24**	388
Other non-cash movements	**(146)**	(282)
	9,370	7,591
Changes in working capital		
(Increase)/decrease in receivables	**(1,268)**	610
Increase/(decrease) in payables	**641**	(600)
Decrease in other financial assets	**53**	1,182
Decrease in other financial liabilities	**(60)**	(1,664)
Cash inflow from operating activities	**8,736**	7,119
Corporation taxes paid	**(1,570)**	(1,610)
Net cash inflow from operating activities	**7,166**	5,509

Company

	2017 £'000	2016 £'000
Operating profit/(loss)	**330**	(114)
Adjustment for:		
(Gain)/loss on investments	**(330)**	113
Changes in working capital		
Decrease in payables	**–**	(470)
Cash outflow from operating activities	**–**	(471)
Corporation taxes paid	**–**	–
Net cash outflow from operating activities	**–**	(471)

25. Related parties transactions

Company

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

Transactions with subsidiaries

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

	2017 £'000	2016 £'000
Amounts due to subsidiaries	**(11)**	(11)
Net dividends received from subsidiaries	**3,592**	4,205

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 (2016: £nil). No expense has been recognised during the period in respect of bad or doubtful debts due from related parties.

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

	2017 £'000	2016 £'000
Short-term employee benefits	**4,651**	3,894
Post-employment benefits	**184**	280
Share-based payments	**1,387**	989
Total	**6,222**	5,163

The dividends paid to key management personnel in the year ended 31 March 2017 totalled £1,915,103 (2016: £1,963,285).

Directors' remuneration

	2017 £'000	2016 £'000
Emoluments (excluding pension contribution)	**2,571**	2,326
Pension contribution (including payments made in lieu of pension contributions)	**164**	150
Aggregate emoluments of the Directors	**2,735**	2,476

During the year, one Director of the Company (2016: three) participated in the Group Personal Pension Plan, a defined contribution scheme.

Transactions with seeded funds

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

Record Currency – Strategy Development Fund (formerly Global Alpha Fund) and Record Currency – Emerging Market Currency Fund are both related parties on this basis. Similarly, the Record Currency – FTSE FRB10 Index Fund has been a related party since the Record plc holding became a majority interest as a result of a divestment of an external investment from the fund. There were no transactions between the Company and these funds during the year.

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For the year ended 31 March 2017

26. Capital management

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

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

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

	2017 £m	2016 £m
Regulatory capital	8.9	8.5
Other operating capital	24.6	22.2
Operating capital	**33.5**	30.7
Seed capital	3.3	3.0
Total capital (excluding NCIs)	**36.8**	33.7

Operating capital is intended to cover the regulatory capital requirement plus capital required for day to day operational purposes and for 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 15% of the Group's total capital.

For regulatory capital purposes Record plc is subject to consolidated financial supervision by the Financial Conduct Authority ("FCA"). Our regulatory capital requirements are in accordance with FCA rules 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.

27. Ultimate controlling party

As at 31 March 2017 the Company had no ultimate controlling party, nor at 31 March 2016.

28. Post reporting date events

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

PRODUCT CLASSIFICATION

Record has historically reported AUME and management fees between four core products, being Dynamic Hedging, Passive Hedging, Currency for Return and Cash and other.

However, clients may also elect for mandates with combined hedging and return-seeking objectives, which cannot readily be separated into hedging and return-seeking components. Therefore, to reflect such mandates held not only with current clients but also with potential future clients, a new product category has been introduced: Multi-product mandates. This new classification does not represent a new service line, but rather seeks to redefine the boundaries between existing products, and combinations of products.

To assist in understanding the changes, AUME, management fees and management fee rates by product have been presented under both historic and revised conventions.

AUME for the Multi-product classification is based on the mandate size of those mandates, in order to maintain the clear link between AUME, fee levels and management fees. This change in definition gives rise to an AUME adjustment in the reconciliation below of -$1.5 billion as at 31 March 2017 (31 March 2016: -$0.8 billion). These adjustments do not represent a genuine AUME flow.

	Historic presentation		Mandate reclassification		AUME redefinition		Revised presentation	
AUME US$ billion	Mar-16	**Mar-17**	Mar-16	**Mar-17**	Mar-16	**Mar-17**	Mar-16	**Mar-17**
Dynamic Hedging	7.9	**8.7**	-1.8	**-2.4**	0.0	**0.0**	6.1	**6.3**
Passive Hedging	43.8	**48.7**	-0.4	**-0.5**	0.0	**0.0**	43.4	**48.2**
Currency for Return	1.8	**2.1**	-1.2	**-1.1**	0.0	**0.0**	0.6	**1.0**
Multi-product	n/a	**n/a**	3.4	**4.0**	-0.8	**-1.5**	2.6	**2.5**
Cash and other	0.2	**0.2**	0.0	**0.0**	0.0	**0.0**	0.2	**0.2**
Total	**53.7**	**59.7**	**0.0**	**0.0**	**-0.8**	**-1.5**	**52.9**	**58.2**
Management fees £ million	FY-16	**FY-17**	FY-16	**FY-17**			FY-16	**FY-17**
Dynamic Hedging	8.3	**8.4**	-2.8	**-2.8**			5.5	**5.6**
Passive Hedging	9.4	**12.1**	0.0	**0.0**			9.4	**12.1**
Currency for Return	3.2	**2.2**	-2.4	**-1.2**			0.8	**1.0**
Multi-product	n/a	**n/a**	5.2	**4.0**			5.2	**4.0**
Total	**20.9**	**22.7**	**0.0**	**0.0**			**20.9**	**22.7**
Management fee rates – bps per annum	FY-16	**FY-17**					FY-16	**FY-17**
Dynamic Hedging	15	**14**					13	**12**
Passive Hedging	3	**3**					3	**4**
Currency for Return	15	**13**					20	**15**
Multi-product	n/a	**n/a**					19	**20**

Additional information

FIVE YEAR SUMMARY

Year ended 31 March	2013 £'000	2014 £'000	2015 £'000	2016 £'000	**2017 £'000**
Management fees	18,061	20,271	20,255	20,941	**22,718**
Performance fees	–	–	480	315	**–**
Other revenue	491	(349)	322	(122)	**1,210**
Revenue	18,552	19,922	21,057	21,134	**23,928**
Cost of sales	(221)	(86)	(148)	(221)	**(298)**
Gross profit	18,331	19,836	20,909	20,913	**23,630**
Operating expenses	(12,411)	(13,412)	(13,373)	(14,123)	**(15,067)**
Operating profit	5,920	6,424	7,536	6,790	**8,563**
Net interest	158	113	146	143	**112**
Profit before taxation	6,078	6,537	7,682	6,933	**8,675**
Taxation	(1,450)	(1,494)	(1,708)	(1,523)	**(1,540)**
Profit after taxation	4,628	5,043	5,974	5,410	**7,135**
Total comprehensive income for the year attributable to owners of the parent	4,334	5,407	5,782	5,541	**6,316**
Basic EPS (pence)	1.98	2.48	2.66	2.55	**2.91**

INFORMATION FOR SHAREHOLDERS

Record plc

Record plc is a public limited company incorporated in the UK.

Registered in England and Wales

Company No. 1927640

Registered office

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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 or by emailing us at: shareholderenquiries@recordcm.com

Dates for 2017 dividend

Ex-dividend date	29 June 2017
Record date	30 June 2017
Annual General Meeting	27 July 2017
Final dividend payment date	2 August 2017

Registrar

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

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

DEFINITIONS

"Admission"	Admission to the Official List and to trading on the London Stock Exchange's Main Market for listed securities
"AIFMD"	Alternative Investment Fund Managers Directive
"Articles"	The articles of association of the Company
"AUME"	Assets Under Management Equivalents
"Board"	Company's Board of Directors
"bps"	Basis point = 100th of a percent
"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
"EPS"	Earnings per share
"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
"London Stock Exchange"	London Stock Exchange plc
"MiFID"	Markets in Financial Instruments Directive
"Official List"	The official list of the Financial Conduct Authority
"TIPS"	US government treasury inflation protected securities
"US"	United States of America

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