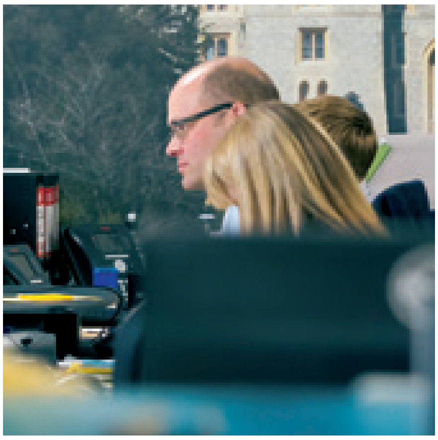

Record plc

Annual Report 2018

ABOUT US

Record is an independent currency manager with 35 years' experience in delivering currency solutions. Everything we do is for our clients – we have no proprietary business.

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

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 35 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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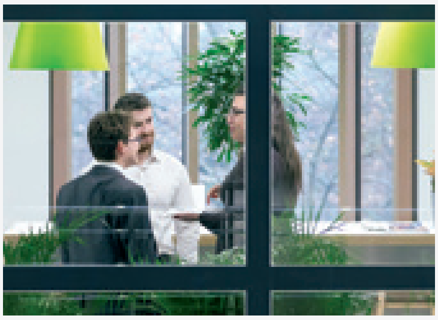


ADDITIONAL INFORMATION

HIGHLIGHTS

Assets Under Management Equivalents[1]

$62.2bn
2017: $58.2bn
+7%

Clients

60
2017: 59
+2%

Revenue

£23.8m
2017: £23.0m (restated)
+4%

Profit before tax[2]

£7.3m
2017: £7.9m (restated)
-7%

Earnings per share

3.03p
2017: 2.91p
+4%

Ordinary dividend per share

2.30p
2017: 2.00p
+15%

Special dividend per share

0.50p
2017: 0.91p
-45%

1. As a currency manager Record manages only the impact of foreign exchange and not the underlying assets, therefore its "assets under management" are notional rather than real. To distinguish this from the AUM of conventional asset managers, Record uses the concept of Assets Under Management Equivalents ("AUME") and by convention this is quoted in US dollars. Further detail of how Record calculates AUME are included on the inside back cover.
2. Revenue, gross profit, operating profit and profit before tax for the comparative periods have been restated to reflect a re-presentation of items previously included under other income as first disclosed in the results for the six months ended 30 September 2017. As a result, operating profit and profit before tax are now the same as the operating profit and profit before tax previously disclosed as "underlying". A reconciliation of all items under the historical and revised presentation is included under note 13 to the financial statements.

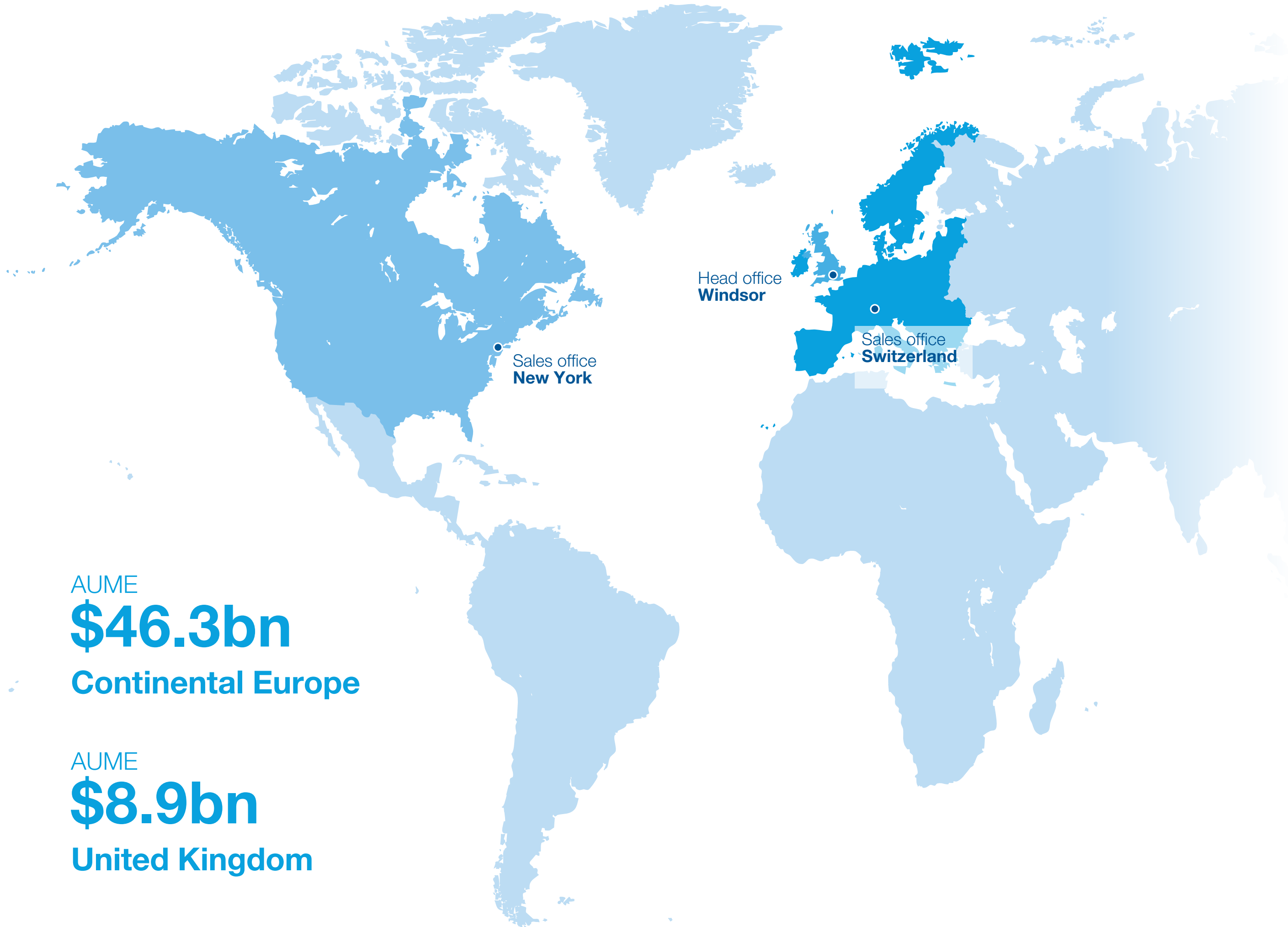
WHERE WE OPERATE

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

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 also has clients elsewhere including Australasia.

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

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



AUME
$46.3bn
Continental Europe

AUME
$8.9bn
United Kingdom

AUME
$6.9bn
North America

AUME
$0.1bn
Rest of World

Regions

Our clients are located in:

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

CHAIRMAN'S STATEMENT

This year, Record celebrates thirty-five years of being in business in the currency markets, underlining our strength and resilience in a continually challenging and evolving environment.

Neil Record
Chairman

Overview

Such resilience is only possible through our commitment to our clients, which in turn, is due to the flexibility of the business and its staff to take advantage of new opportunities as they arise and to adapt to meet new challenges.

With this in mind, Record has seen a year of investment in resources and systems. These investments support our ability to offer innovative and differentiated products to our clients and to maintain our premium levels of service, as well as to address new regulatory requirements, such as under MiFID II.

Regulation in the foreign exchange market continues to play a pivotal role in the move towards cost transparency. In our role of acting as agent for our clients, we put the utmost importance on integrity and acting solely in our clients' best interests, and in promoting the highest standards of transparency and market conduct. In this respect, we fully support and endorse all efforts made to increase transparency, to encourage best practice and to maintain the highest levels of integrity by all foreign exchange market participants. We were therefore delighted to sign up to both the FX Global Code and the LGPS Investment Code of Transparency during the year and have become a signatory to the UN-supported Principles for Responsible Investment since the end of the year.

Group strategy

Our core strategy remains to achieve and maintain trusted adviser status so as to grow our relationships with current and potential clients, and to provide market-leading products and service levels. In order to achieve this, the Group continues to invest in its talented people, in innovation and in systems.

In my statement last year, I highlighted the opportunities for saving costs and adding value for clients on certain types of Passive Hedging mandates using opportunities created by the emergence of a gap between interest rates implied by forward FX rates and actual market interest rates – this gap being known in the FX markets as "basis".

These opportunities are now being recognised in commercial terms, through innovative changes made to some enhanced Passive Hedging mandates. There has been a change in mix of fees on these mandates from management fee only to reduced management fee plus a performance fee element. The first performance fees under these changes could be recognised in the current year.

This innovative product development gives the business a level of exposure to market performance even in passive mandates. This adds further diversification to Record's income streams, potentially leading to fees exceeding those earned on a management fee only basis.

The Group also recognises the importance of progress in its distribution strategy. During the year an office was opened in Zürich to enhance our current relationships in Switzerland, and to support further growth in that market. A Currency Multi-Strategy fund was launched towards the end of the year, recognising the need to offer an alternative vehicle to investors for whom a pooled fund is more suitable than a segregated mandate. It was also pleasing to note the start of a new segregated Multi-Strategy mandate in a rekindled market (Australia) for Record, in the quarter following the year end.

Capital and dividend

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

In my statement last year I confirmed that the Board was considering a return of excess capital to shareholders. A Tender Offer was subsequently approved at General Meeting on 14 July 2017, and the Company purchased approximately 22.3 million ordinary shares (approximately 10% of the then-outstanding share capital) for cancellation, returning just over £10 million to shareholders.

In line with the Group's dividend policy, the Board is recommending a final ordinary dividend of 1.15 pence per share, which would represent a 15% increase in the ordinary full year dividend to 2.30 pence per share. This includes a specific increase of 10% offsetting the decrease in issued shares cancelled following the Tender Offer in July. The interim dividend of 1.15 pence per share was paid on 22 December 2017, and the final ordinary dividend of 1.15 pence per share, subject to shareholders' approval, will be paid on 1 August 2018 to shareholders on the register at 29 June 2018.

The Board has maintained its policy of declaring a special dividend equal to the excess of earnings per share over ordinary dividends and any increase in the Group's capital requirements. A marginal increase in the Group's assessment of its Pillar II regulatory capital requirement in conjunction with the anticipated increase in costs for the current financial year increases capital required under the Group's policy. The net increase in capital requirements is equal to approximately 0.23 pence per share, and as a result the Board is announcing a special dividend of 0.50 pence per share to be paid simultaneously with the final dividend, thereby taking total dividends for the year to 2.80 pence per share, compared to earnings per share of 3.03 pence.

In the future, it remains the Board's intention 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 capital assessed as required under the policy described above.

The Board

The Senior Independent Director, David Morrison, will no longer be deemed independent from 1 October 2018. A formal search process overseen by the Nomination Committee commenced early in 2017 with a view to appointing a new independent director to the Board prior to the end of David's tenure. In this respect we were pleased to announce the appointment of Tim Edwards to the Board as non-executive director, effective 21 March 2018.

Tim brings a wealth of experience to the Board from his background in advising, leading and investing, in particular in high-growth businesses in biotechnology and related fields. His skills and expertise especially in the areas of corporate development and people management will be highly relevant to Record's continued development, and my Board colleagues and I are delighted to welcome him to the Board. Further information is given in this respect in the Nomination Committee report on page 50.

Outlook

Although this financial year saw fewer political shocks than that preceding it, the world still seems to be in a period of rapid change – globalisation is being challenged and the threat of protectionism and trade wars is growing. In such times, financial markets, including foreign exchange markets, will continue to be impacted by ongoing geopolitical developments and instability.

Such developments provide opportunities for the Group to engage with both current and prospective clients, and to use our innovative and flexible approach in tailoring our products to meet specific client objectives. All of this is directed towards delivering sustainable, long-term growth for the business and sustainable long-term returns for our shareholders.

The continued success of the Group is due to the support of our clients and to the talented people within, providing innovation and thought-leadership as well as the highest levels of client service. On behalf of the Board, I would like to take this opportunity to thank everyone and to look forward to further opportunities and growth in the year ahead.

Neil Record
Chairman

14 June 2018

CHIEF EXECUTIVE OFFICER'S STATEMENT

Record's management is confident that investments in product enhancement will create further opportunities to grow the business in the current financial year.

James Wood-Collins
Chief Executive Officer

In a year when sterling's strength presented revenue headwinds, in contrast to the previous financial year, Record achieved revenue growth of 4%. Continued investments to enhance our products and services, as well as increased occupancy costs, led to a reduction in operating margin to 31%, and a 7% reduction in profit before tax.

Record's management is confident that these investments will create further opportunities to grow the business in the current financial year, with a diverse portfolio of well-positioned services in both currency risk management and return-seeking strategies.

Market overview

The year to 31 March 2018 saw a period of relative calm in financial markets, due to improvements in developed market growth prospects and the apparent lack of inflationary pressures. In contrast to the previous year, political outcomes were much as anticipated and were not a major source of market uncertainty. Historically low asset price volatility was therefore a major theme for the year, though this ended somewhat abruptly early in 2018. With a lack of political stimulus, trends in the FX market were driven primarily by economic surprises, in particular Eurozone growth.

Investment performance

Dynamic Hedging for US clients generated modestly negative returns, although the low hedge ratios maintained by Record's process meant that clients kept most of the gains from a broadly weak US dollar. Performance for UK clients was mixed by currency.

In return-seeking programmes, Multi-Strategy mandates generated negative returns, although Record's track record since inception continues to be supportive of further sales of this product.

AUME	Revenue	Profit before tax
$62.2bn	£23.8m	£7.3m
+ 7%	+ 4%	– 7%

AUME increased by 7% in US dollar terms over the financial year to $62.2 billion.

Asset flows and financial performance

AUME increased by 7% in US dollar terms over the financial year to $62.2 billion, and decreased by 5% in sterling terms to £44.3 billion. Net outflows of $1.2 billion in the year represented aggregate net outflows from hedging of $2.2 billion (predominantly represented by net outflows from Dynamic Hedging of $1.7 billion), offset by net inflows to Currency for Return, Multi-product and cash of $0.6 billion, $0.3 billion and $0.1 billion respectively. The aggregate impact of external factors (i.e. equity and other market movements and the impact of exchange rates over the period) was to increase AUME by $5.1 billion and the effect of changes to portfolio sizes for some Currency for Return mandates with defined volatility targets increased AUME by $0.1 billion. Client numbers increased to 60. The anticipated mandate changes set out in April's Fourth Quarter Trading Update, resulting in net inflows of $0.5 billion to Passive Hedging and $0.3 billion to Multi-Strategy, and one net additional client, have now all taken place.

Revenues increased by 4% to £23.8 million, notwithstanding the impact of sterling strength on the conversion of the 87% of management fees that are denominated in currencies other than sterling. Record's costs before variable remuneration grew by 13%, largely attributable to the 11% growth in personnel costs due to continued investment in additional headcount in order to maintain innovation and enhancement of our services. As a result the Group's operating margin reduced from 34% to 31%, and profit before tax fell by 7% to £7.3 million. Basic earnings per share of 3.03 pence represented a 4% increase on the prior financial year, taking into account the Tender Offer undertaken in July 2017.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

Strategic progress

Record's strategic progress over the year can be measured against each of the strategic objectives set out in the Annual Report 2017.

Client relationships

Our strategy of building trusted individual relationships with clients and their advisers remains unchanged. The Group benefits from the diversification amongst its clients, by location, client type and objective, in that any given period typically sees a variety of different themes predominate. During the financial year, our business in Switzerland, long a core market, continued to be focused largely on Passive Hedging. The challenges in hedging to Swiss francs, particularly in a rising US dollar interest rate environment, mean that Switzerland has led much of our innovation in Passive Hedging. This innovation has created opportunities to add value for clients, which in some cases has led to those clients altering their fee structure to include a performance-related element, as discussed in the Fourth Quarter Trading Update.

In the US, the dollar has broadly been weak. As a result, interest in currency hedging has diminished; we believe this to be temporary and cyclical rather than structural. The UK market continues to be more challenging, despite some recovery in sterling, and we see Record's best prospects here in identifying opportunities for specialist and differentiated hedging services. Currency for Return in general, and Multi-Strategy in particular, is much less dependent in perception on the client's base currency, and we have continued to see growing interest. This has been demonstrated by the new mandate that has started in this financial year, and has encouraged us to launch the Record Currency Multi-Strategy Fund.

Innovation

As outlined previously, the enhancement of existing products and development of new ones is a constant feature at Record, driven by clients' needs and market opportunities. Much of our focus in the financial year has been on developing Passive Hedging to take advantage of market opportunities without changing the client's hedge ratio, thereby reducing costs and adding value. As well as identifying and monitoring market opportunities, we have invested in the resources required to make investment decisions on a dynamic basis.

Continued enhancement is also a feature of Dynamic Hedging and Currency for Return strategies, with research in particular on adding further strategies to Multi-Strategy. We equally invest in operational and implementation capabilities. Although the reversal of the introduction of mandatory variation margin on FX forwards for many of our clients has meant that fewer clients than anticipated have had to introduce this, we see growing opportunities to use this capability for clients choosing to exchange margin.

People

We continue to attract, retain and develop high-quality staff, 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 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. During the year we have brought much of our recruiting activity in-house, with the intention of maintaining consistently high standards at lower cost than using external recruitment agents. We participate in industry remuneration benchmarking exercises, and regularly review remuneration across the firm to ensure that we remain competitive, whilst recognising increased individual contributions through promotions. The increase in personnel costs (excluding variable remuneration) of 11% has reflected the increase in staff numbers to support product innovation and enhancement, and ultimately future growth.

Risk management

The Group takes a proactive approach to developing its systems, people and processes, in order to improve management of operational risk and to meet the demands of emerging regulatory requirements. Much of the systems development focus during the financial year was on meeting the requirements of MiFID II, which we were pleased to complete in time for the 3 January 2018 deadline. We have continued to extend the scope of enhanced systems for exposure capture and rebalancing processes for Hedging mandates, and to invest in our cyber-security defences. As discussed on page 23, the Group has developed a contingency plan should the UK's exit from the European Union result in the loss of "passporting" permissions, although implementation of this plan was paused given the commitment by both UK and EU authorities to a transition period extending to December 2020.

Growth

We have achieved growth in client numbers (59 to 60), AUME ($58.2 billion to $62.2 billion), management fees (£22.7 million to £23.5 million) and revenues (£23.0 million to £23.8 million) over the period. We have invested in people across the business, with headcount growing from 75 at 31 March 2017 to 83 at 31 March 2018. We continue to focus on growth opportunities in our core markets of the UK, continental Europe in particular Switzerland, and North America, as well as selectively pursuing opportunities in other markets.

Profitability

The Group's profitability has been restrained by the decision to invest in additional headcount to maintain innovation and service enhancement, as well as by increased office occupancy costs. Record's management continues to be confident that these investments will lead to further growth opportunities across Record's product range. Record's profit before tax decreased from £7.9 million to £7.3 million over the period, and the operating margin has decreased from 34% to 31%.

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

Outlook

With respect to new business, we are seeing a gratifyingly diverse range of opportunities across client locations, investor types and objectives. The investments we are continuing to make in service enhancement, in particular but not limited to Passive Hedging, are expected to result in new opportunities with both current and prospective clients, including in Europe and in Switzerland in particular. In the US, recent US dollar weakness has temporarily diminished interest in hedging, but Multi-Strategy continues to be well-positioned, and the recently-launched fund is expected to make it accessible to a wider range of investors than previously. We continue to explore further opportunities in other markets, such as Australia.

From a financial perspective, the move in the case of some enhanced Passive Hedging mandates to performance fee structures, means that management fee revenues will be reduced, although we continue to expect performance fees to match or exceed the foregone management fees over time. 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, so as to continue to grow the business.

James Wood-Collins
Chief Executive Officer

14 June 2018

STRATEGY AND OBJECTIVES

We are a specialist currency manager.

	Client relationships	Innovation	People
Our goals are achieved by:	**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 a diverse pool of high-quality people**
Benefits:	• A deep understanding of our clients' needs and concerns helps us to develop effective solutions and to identify new business opportunities • Strong relationships lead to client longevity and support for new ideas	• Bespoke solutions meet unique client requirements, reinforce our thought leadership and differentiate Record from our competitors • Innovative solutions enhance premium brand and reputation and give opportunities for growth • Enhances product diversification of our business	• Ensures high quality and continuity of products and service to clients • Development, diversity and retention of talent key to delivery of best in class business model and to long-term stability of business
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:** People and employment, Investment, Operational	• 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 and regulatory factors, market sentiment and volatility • **Link to Principal risks:** People and employment, Market, Operational	• 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:** People and employment, Investment, Operational
Measured by:	• Number of clients • Management fees	• New business or clients won for bespoke mandates or new strategies • Newly seeded funds and growth in seeded funds through external investment	• Retention and longevity of talent
Progress made in year:	**KPI: Client numbers** **60** +2% **Management fees** **£23.5m** +3%	• A number of existing Passive Hedging clients upgraded to an enhanced Passive Hedging service, in some cases providing the opportunity for earning performance fees • Seeding of the new Multi-Strategy fund in the final quarter of the year	**Staff retention** **93%** (2017: 83%) **Employees for more than five years** **46%**
Expectations for FY-19:	• A changing geopolitical landscape will continue to drive uncertainty, maintaining FX market issues high on client agendas and providing increasing opportunities to engage with 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 enhancement to strategies across the whole suite of products • Development of our cash and liquidity management capabilities to complement our product offerings	• Continued focus on selective recruitment and retention of key talent • Identify and develop talented individuals at early stages of their career to maximise potential • Provide collaborative and collegiate working environment to support innovative thinking and productivity

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 risk 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 resources in connection with managing risks associated with more bespoke mandates • **Link to Principal risks:** People and employment, Operational	• Changes in product mix towards lower margin mandates, or mandates with lower management fees but with performance fees may affect short-term profitability • Business scalability can be affected by AUME type (i.e. less scalable bespoke mandates) • Size of mandates can be affected by external factors (e.g. market movements) • **Link to Principal risks:** Concentration, People and employment, Investment, Market	• 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	• Operating profit margin • Basic EPS • Dividends paid
• Projects to enhance efficiency of data management for both Passive and Dynamic Hedging clients completed in year • Significant system enhancements to address MiFID II and other regulatory changes completed within formal deadlines during the year • Complaints: none (2017: none)	**KPI: AUME** **$62.2bn** +7%	**KPI: Operating profit margin** **31%** (2017: 34%) **KPI: Basic EPS** **3.03p** +4% **Ordinary dividends (per share)** **2.30p** +15% **Special dividends (per share)** **0.50p** -45%
• Development to Multi-Strategy process to improve efficiency and strengthen controls within a flexible framework able to support future enhancements • Continued investment in developing and upgrading core systems and infrastructure	• Heightened geopolitical tensions and economic uncertainty in global markets should help to maintain focus on the effects of FX markets on clients' portfolios • Complementary services may assist in developing growth in overall AUME • Launch of new Multi-Strategy Fund may lead to more scalable interest in Currency for Return	• More bespoke products may be less scalable and affect profitability • Flows into Currency for Return products offer higher margins and scalability through fund vehicles • A change in mix from management fee only Passive Hedging mandates to management plus performance fees, alongside continued investment in people and resources may reduce operating margins over the short to medium term

KEY PERFORMANCE INDICATORS

Measuring our performance against our strategy.

Indicator	
AUME	We aim to grow AUME[1] 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
Operating profit margin	The Group aims to increase operating profit margin[2] over the long term through investing in resources to maintain its premium products and service whilst building profitable and diversified revenue streams
Basic earnings per share ("EPS")	The Group's objective is to create shareholder value over the long term, reflected in consistent growth in EPS

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

The Board and Executive Committee use a number of key performance indicators ("KPIs") to monitor the performance of the Group.

How we performed this year:

Performance history:

- AUME increased by +7% in US dollar terms but decreased by -5% in sterling terms

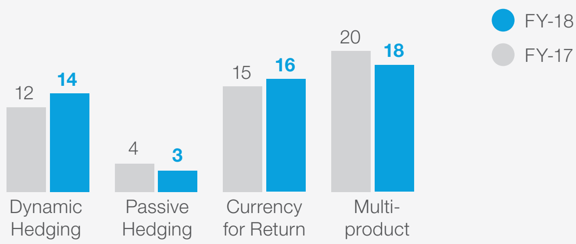
AUME ($ billion)[1]

- Client numbers remained at similar levels to last year, growing by +1 and reached 60 at the end of the year

Client numbers

- Fee rates across the product range were broadly maintained during the year

Management fee rates (bps p.a.)

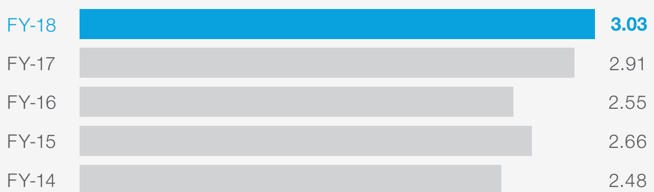


- Operating profit margin decreased to 31% for the year as a result of the continued investment in resources to enhance products and client service

Operating profit margin

- Basic EPS increased by 4% for the year, as the result of two factors – profit after tax fell by 3% whilst the £10 million share buy back in July 2017 reduced the number of issued shares by approximately 10%

EPS (pence per share)



BUSINESS MODEL

Our business model depends on our relationships and resources.

Relationships and resources

OUR CLIENTS

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

OUR EXPERIENCE

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

OUR PEOPLE

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

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

OUR INFRASTRUCTURE

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

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

OUR FINANCIAL RESOURCES

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

What we do

OUR INVESTMENT PROCESS

INNOVATION

We identify persistent inefficiencies and patterns of behaviour in FX markets

EXPERIENCE AND KNOW HOW

We design investment processes to exploit them

INDEPENDENCE AND TRANSPARENCY

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

OPERATIONAL RISK MANAGEMENT

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

RESEARCH
We refine our products by continuing research

BESPOKE
We manage each mandate to meet client-specific needs

OUR DISTRIBUTION PROCESS

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

What we deliver

OUR PRODUCTS (see page 16)

Bespoke solutions – we operate Hedging mandates and unfunded Currency for Return mandates as bespoke, segregated mandates, managing each client's unique characteristics through robust operational systems built to manage exposures efficiently and to minimise operational risk.

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

PREMIUM CLIENT SERVICE

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

REWARDING CAREERS

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

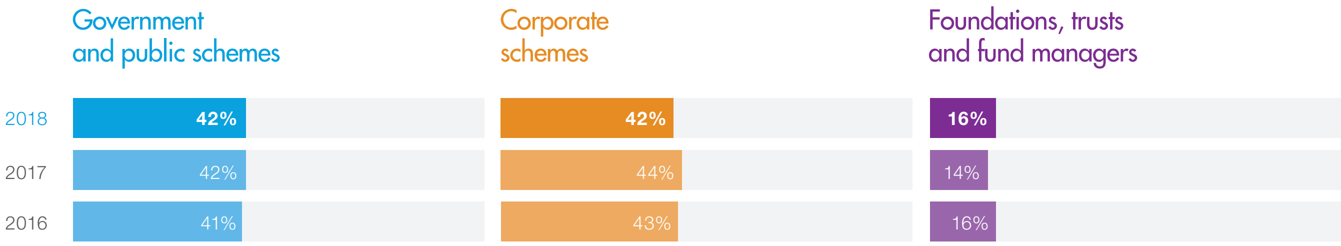
THOUGHT LEADERSHIP

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

SHAREHOLDER VALUE

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

AUME by client type
31 March



BUSINESS MODEL CONTINUED

Our products

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

Currency Hedging

$57.3bn AUME

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

We continue to enhance our product offerings, so that they maintain their premium product status. In a competitive marketplace, our ability to differentiate our hedging products is key to maintaining and growing our market share further.

Passive Hedging: $53.0bn AUME

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

Core Passive Hedging

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

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

Enhanced Passive Hedging

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

Currency for Return

$1.6bn AUME

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

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

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

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.

Carry

The Forward Rate Bias is the observation that higher yielding currencies tend to outperform lower yielding currencies over longer time periods, and is regarded by Record as a fundamental and structural currency risk premium. The Carry strategy aims to exploit this observation and generate returns by buying selected developed market higher interest rate currencies and selling selected lower interest rate currencies.

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

Emerging Market ("EM") Currency

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

We also offer bespoke solutions tailored to individual client requirements.

Dynamic Hedging: $4.3bn AUME

Record's Dynamic Hedging product is an attractive alternative to Passive Hedging and has the reduction of exposure to currency risk as its principal objective and generating value as a secondary objective. The Dynamic Hedging product seeks to allow our clients to benefit from foreign currency strength while protecting them from foreign currency weakness relative to their own base currency.

Value is generated entirely through the asymmetric reduction of pre-existing currency risk.

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

Clients receive a diversified return stream which performs well under a variety of market conditions and reduces the correlation of their currency programme to other asset classes.

Currency Momentum

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

Currency Value

Research suggests that purchasing power parity ("PPP") valuation models have been relatively good predictors of the long-term direction of spot movements. Currency Value strategies exploit this insight, buying currencies that are undervalued relative to PPP and selling currencies that appear overvalued.

Multi-product: $3.0bn AUME

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 are more variable in nature, attracting different levels of fees.

BUSINESS MODEL CONTINUED

Other products

Record has a licensing agreement with WisdomTree Investments, Inc. which, 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. 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 currency services income".

Further information on product investment performance is given in the Operating Review section (page 24).

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 sales and marketing team is split between the offices in the UK, US and Switzerland which serve their local markets, and a centralised team that provides comprehensive technical and administrative support to the sales offices from the headquarters based in the UK.

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

Our market

The currency market represents the biggest and most liquid market available with exceptionally low transaction costs and daily FX volumes averaging $5.1 trillion per day (source: BIS Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives Markets 2016). The FX market is essential to global trade and finance and includes a high proportion of not-for-profit or forced participants, resulting in profit-seeking financial institutions continuing to represent a minority of FX market participants. Consequently, the market displays persistent patterns of behaviour or inefficiencies which Record believes can best be exploited by a combination of systematic and discretionary processes.

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

BUSINESS MODEL CONTINUED

Our people

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

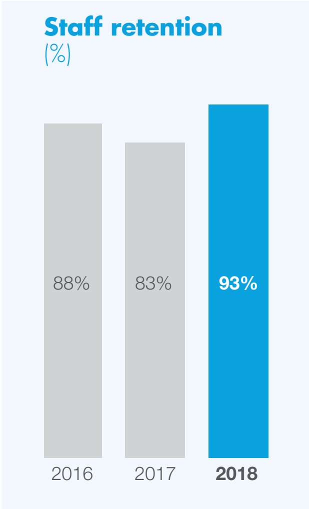
Recruitment

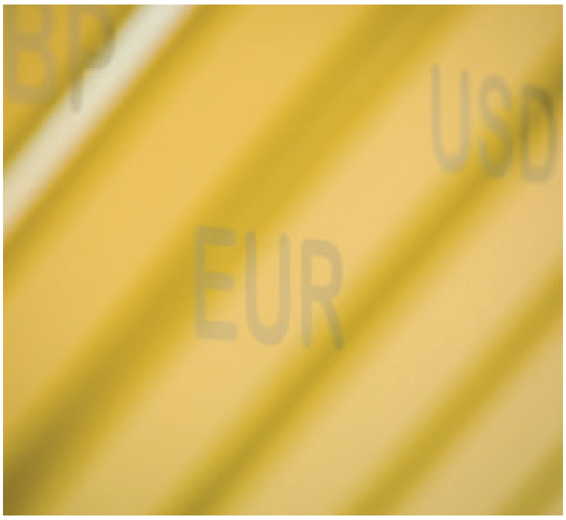
The recruitment process is carefully structured and run predominantly in-house to ensure that talented people with the right skills and experience are recruited into the Group. As part of this, the Group runs a successful internship programme, which gives the Group the opportunity to benefit from talented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

The Group has continued to recruit selectively throughout the year in order to maintain a flexible, scalable platform for future growth. Continued investment in resources to underpin product enhancements and sustain our ability to innovate has resulted in an increase in headcount during the year. The number of employees (including Directors) in the Group at 31 March 2018 was 83 (2017: 75).

Staff retention, motivation and development

We invest heavily in our people, offering opportunities and support for them to grow their knowledge, skills and capabilities. An effective performance review and objective-setting process, personal development planning including the development of career paths, together with our open and inclusive office culture, are all key priorities in the development and retention of our staff. In addition, the Group Share Scheme, the Group Profit Share Scheme and the Group Share Incentive Plan promote the acquisition of equity in the Company by staff, improving motivation and retention, as well as aligning employees' interests with those of our clients and shareholders. At 31 March 2018, the proportion of employee shareholders stood at 72% (2017: 68%). Furthermore, the business ensures that wider factors, such as market trends in pay, are monitored closely to ensure risks to staff retention are limited as far as possible.





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

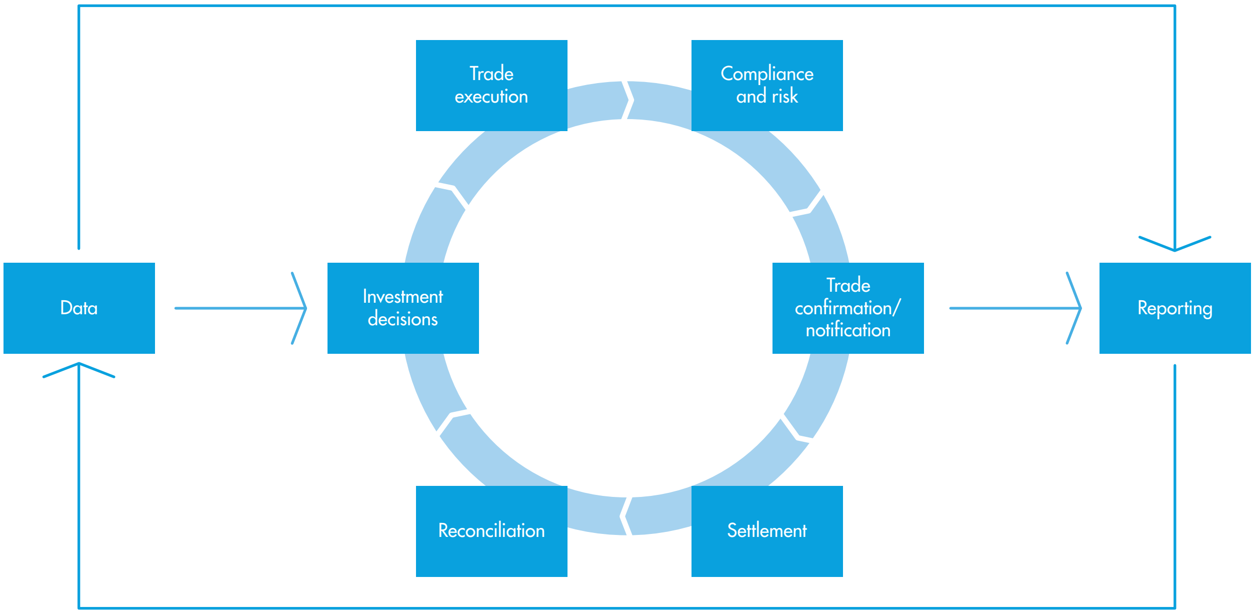
Our infrastructure

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

We continuously invest in technological and human capital resources to build upon the capability of our investment offering and ensure the continued integrity of our robust operational processes.

In the year, there has been significant systems development to meet the requirements of MiFID II, in particular to manage the capture and processing of data required for transaction reporting, and to improve the process for exposure capture and rebalancing for Hedging mandates.

Record considers cyber risk to be one of the principal risks to the business, and has continued to invest in both the latest cyber-security defences and in staff training (see Risk management on page 32).



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MARKET REVIEW

For the most part, the year to 31 March 2018 saw a period of relative calm in financial markets, as improvements in developed market growth prospects and the apparent lack of inflationary pressures created a supportive environment for risk assets. In addition, and in contrast to the previous year, outcomes on the political front were much as anticipated and were not a major source of market uncertainty. Historically low asset price volatility was therefore a major theme for the year, though this ended somewhat abruptly early in 2018. With a lack of political stimulus, trends in the FX market were driven primarily by fundamental economic surprises, with euro strength standing out in particular. A lack of substantial changes to banking regulation over the past year led to a continuation of the dislocations between FX forwards and the money markets (FX basis).

Monetary policy and interest rates

Interest rates in developed markets remained low in relation to the historic norms, although central banks began to show signs of differentiation in their respective policy cycles. Those that raised interest rates faced a combination of reduced slack in the economy (in the US), wage and inflation pressures from stabilising commodity prices (in Canada), and an inflation target overshoot (in the UK). On the other end of the spectrum the Bank of Japan ("BoJ") and Swiss National Bank ("SNB") both committed to continued low interest rates. In between was the European Central Bank ("ECB"), which maintained expansionary policy but continued to guide market expectations around its normalisation strategy.

The Federal Reserve followed through on its promise of further policy normalisation, contrary to market expectations at the start of the year. An initial rate hike in June was followed by two more; one in December and one at newly appointed Federal Reserve Chairman Jerome Powell's first meeting in March. Underlying measures of US inflation were broadly unchanged and remained below the Federal Reserve's target. Despite a seemingly supportive economic backdrop, the US dollar fell on a trade-weighted basis, continuing a trend that first emerged in late 2016.

The ECB maintained its ultra-accommodative policy stance, though altered the implementation of policy by lowering the size of monthly bond purchases and extending the expected end date of its QE programme. Easy policy in the Eurozone was overshadowed by an economic revival which saw Eurozone growth outstrip that of other G4 economies. Markets, and by extension the euro, responded accordingly with the single currency appreciating notably. Europe's busy political calendar did little to upset the upward trend as the election of Emmanuel Macron in France and the formation of a coalition government in Germany contrasted with the success of more Eurosceptic parties in Italy's general election.

The Bank of England went some way towards reversing emergency stimulus deployed following the Brexit referendum, and, having turned cautiously optimistic on growth, hiked rates by 0.25% in November. In addition to a less severe than projected slowdown following the vote, the decision was simplified by inflation which, as a result of sterling's decline in 2016, peaked above 3%. Though there has been a general perception of sterling strength, this was as much a story of US dollar weakness, as the pound appreciated only modestly on a trade-weighted basis.

The Swiss National Bank continued to pursue exceptionally low interest rates as inflationary pressures failed to materialise. The Swiss franc showed mixed performance and depreciated notably versus the euro yet strengthened against the US dollar. Overall, the franc fell on a trade-weighted basis, and this was broadly reflective of diverging monetary policy prospects vis-à-vis the rest of the world, and the absence of severe political upset in Europe.

The Japanese yen traded in a range versus the US dollar for most of the financial year before strengthening in the first quarter of 2018. The BoJ continued to target a 10-year yield of 0%, though markets began to price the possibility of an increase in the target yield. This came despite only a modest improvement in core inflation – which remains well below the BoJ target – and was in reaction to hawkish verbal communications from BoJ Governor Haruhiko Kuroda.

The Bank officially maintained that inflation would be allowed to overshoot the 2% target before monetary tightening occurs.

FX basis developments

Over the past few years, the historical relationship between the interest rates observed in the money markets and those implied by the FX forward market has weakened. This dislocation is known as the FX basis.

Over the year, there has been no major change in the overall basis trends, although the magnitude of dislocations has varied across the developed markets due to currency specific factors.

Brexit

This financial year covered the first half of the two-year Article 50 notice period. The ebb and flow of expectations as to the consequences of the UK's exit from the EU was felt both in currency markets and in Record's contingency planning.

As noted on page 22, it became evident throughout the year that the immediate economic consequences of the Brexit referendum vote in June 2016 had been less severe than expected in some quarters at least. Despite the EU negotiating principle that "nothing is agreed until everything is agreed", the year saw a gradual diminishing of concerns over a "hard" Brexit, as some consensus began to emerge between the UK and the EU. This was first evident in agreement in principle on the financial terms of separation, citizens' right and the Irish border in December 2017. Similar agreement on an implementation or transition period was reached in March 2018. This consensus as well as the improved economic backdrop contributed to sterling's appreciation over the year, particularly against the US dollar.

The caveat that "nothing is agreed until everything is agreed" continues to hold however, and significant risks to the negotiation process remain. In particular, major issues such as customs arrangements have yet to be agreed, and the positions reached in principle on the items set out above may fail to be translated into detailed agreements. Furthermore any withdrawal agreement is subject to political risk in the form of ratification by UK and EU parliaments.

The emergent consensus on a transition period has affected Record's implementation of its Brexit contingency plan. Since the referendum, we have developed a plan focused on continuing to serve existing clients, and market to new clients, across the remaining EU27 countries. If this plan had to be implemented for March 2019, Record would anticipate relocating a modest number of existing staff to Dublin by the fourth quarter of 2018. Since the anticipated transition period would preserve the legal and regulatory status quo until December 2020, we have paused the implementation of some aspects of this plan. We are aware though of the remaining risks, and are further preparing for the risk that the transition period falls through.

Regulation

Record's main regulatory focus during the financial year, in addition to ensuring compliance with established regulatory regimes to which Record adheres around the world, was on implementing the requirements of new regulation. Foremost among these were the revised EU Markets in Financial Instruments Directive, known as MiFID II. This wide-ranging regulation had consequences across the business, of which the most impactful were in post-trade transparency and transaction reporting. We were pleased to achieve full compliance by the deadline of 3 January 2018, and have now embedded all the relevant requirements in our business-as-usual processes.

The European Market Infrastructure Regulation, or EMIR, had also been expected to impose widespread changes, in particular by imposing mandatory variation margin on foreign exchange forward contracts for a wide range of EU market participants, including many of Record's clients. We had long advocated against this approach, since the regulation was first proposed in 2014, and so we were ultimately satisfied to see the range of market participants affected by this reduced in scope in late 2017.

Record reviewed and modified its processes to meet its obligations to safeguard personal data in order to meet the requirements of the General Data Protection Regulation ("GDPR") when it came into force on 25 May 2018.

OPERATING REVIEW

This section discusses Record's enhanced Passive Hedging service, including its performance track record, before reviewing investment performance of Record's other products.

Enhanced Passive Hedging

Over the past four years, Record has developed an enhanced Passive Hedging service. This aims to reduce the cost of hedging by introducing new flexibility into the implementation of currency hedges, without changing the hedge ratio. Typically this involves varying the hedge implementation to reduce costs in two key areas, being the direct costs of maintaining the hedge (e.g. trading spreads), and the interest rate differential embedded in the forward contracts. While the strategy is partly systematic, the episodic nature of many opportunities exploited by the strategy means it requires a higher level of discretionary oversight than has historically been associated with Passive Hedging.

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

	Return for year to 31 March 2018	Return since inception
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark	**0.12%**	0.14% p.a.

Source: Record.

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, US investors saw gains from currency on international assets when valuing positions in US dollars, as the US dollar depreciated against all G10 currencies. Record's Dynamic Hedging product decreased hedge ratios in line with US dollar weakness, and allowed clients to keep the majority of these gains.

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 generally protected against periods of weakening foreign currencies. The programmes generated mixed results in line with differences in hedgeable weights and active programme periods. Hedging gains came primarily from hedging the US dollar, while euro losses were contained as hedge ratios were reduced over the quarter in response to sterling movements.

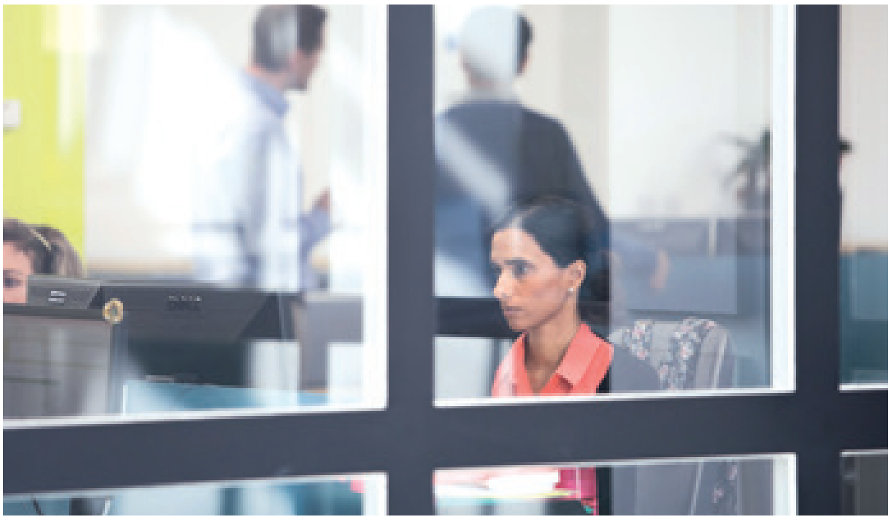
Record's principal Currency for Return product during the year was the Currency Multi-Strategy. This combines a number of diversified return streams.

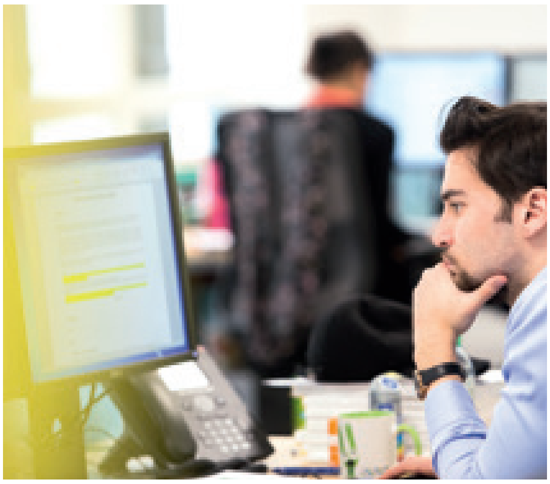
Record's Multi-Strategy mandates combining Carry, Emerging Market, Momentum and Value strategies delivered negative performance over the period.

Fund name	Gearing	Return for 12 months to 31 March 2018 %	Return since inception % p.a.	Volatility since inception % p.a.
FTSE FRB10 Index Fund[1]	1.8	**(2.61%)**	1.44%	7.04%
Emerging Market Currency Fund[2]	1	**1.01%**	1.51%	6.17%

Index/composite returns	Return for 12 months to 31 March 2018 %	Return since inception % p.a.	Volatility since inception % p.a.
FTSE Currency FRB10 GBP Excess return[3]	**(1.47%)**	2.22%	4.57%
Record Multi-Strategy composite[4]	**(1.74%)**	1.73%	2.41%

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. Record Multi-Strategy composite is since inception in July 2012, showing excess returns data gross of fees in USD base and has been scaled to a 4% target volatility.





OPERATING REVIEW CONTINUED

Gearing

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

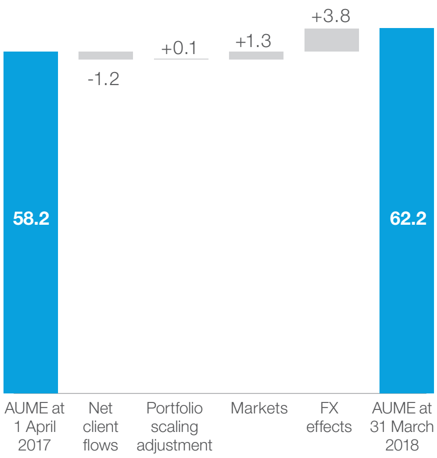
It should be emphasised that in this case "gearing" refers to the multiple of the maximum size of the aggregate forward contracts in the currency programme, to the segregated mandate size or the pooled fund's net assets. This is limited by the willingness of counterparty banks to take exposure to the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

AUME development

AUME expressed in US dollar terms increased by 7% during the year ended 31 March 2018, finishing at $62.2 billion (2017: $58.2 billion).

AUME expressed in sterling decreased to £44.3 billion (2017: £46.6 billion), broadly reflecting sterling strength versus the US dollar (+12%) and the Swiss franc (+7%) over the twelve months.

AUME development bridge
Year to 31 March 2018 ($bn)



AUME movements

The Group has seen net outflows of $1.2 billion during the year arising from inflows from both new and existing clients of $9.9 billion offset by outflows of $11.1 billion.

Passive Hedging AUME grew by 10% to $53.0 billion at the end of the year (2017: $48.2 billion). Marginal net outflows of -$0.5 billion were more than offset by the net impact of market factors (+$1.7 billion). Movements in exchange rates contributed a further +$3.6 billion.

Dynamic Hedging AUME decreased by -$2.0 billion ending the year at $4.3 billion, the majority of the decrease being represented by net outflows of -$1.7 billion. As reported during the year, Record's remaining UK-based Dynamic Hedging clients either converted their mandates to Passive Hedging or terminated in the first half of the year as a result of the negative returns and cash flows experienced linked to persistent weakness in sterling following the EU referendum. External factors had an impact of -$0.3 billion.

The Currency for Return product reached the fifth anniversary of its live track record in July 2017 and saw AUME inflows of +$0.6 billion in the first quarter, ending the year at $1.6 billion (2017: $1.0 billion).

Multi-product AUME increased from $2.5 billion to $3.0 billion at year end, with inflows of +$0.3 billion from existing clients and the net impact of external factors of +$0.2 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 $1.3 billion in the year to 31 March 2018.

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 2018

	Equity %	Fixed income %	Other %
Dynamic Hedging	96%	–%	4%
Passive Hedging	29%	42%	29%
Multi-product	–%	–%	100%

Forex

As 89% of the Group's AUME is non-US dollar denominated, foreign exchange movements may have an impact on AUME when expressing non-US dollar denominated AUME in US dollars. Foreign exchange movements increased AUME by $3.8 billion over the year. This movement does not have an equivalent impact on the sterling value of fee income.

At 31 March 2018, the split of AUME by base currency was 15% in sterling, 58% in Swiss francs, 11% in US dollars, 14% in euros and 2% in other currencies.

Product mix

AUME composition by product

	31 March 18		31 March 17	
	US $bn	**%**	US $bn	%
Dynamic Hedging	**4.3**	**7%**	6.3	11%
Passive Hedging	**53.0**	**85%**	48.2	83%
Currency for Return	**1.6**	**3%**	1.0	2%
Multi-product	**3.0**	**5%**	2.5	4%
Cash	**0.3**	**—%**	0.2	—%
Total	**62.2**	**100%**	58.2	100%

Aggregate Hedging AUME represented 92% of the total AUME, remaining broadly consistent with the prior year (2017: 94%). However, the mix within Hedging products has changed with UK-based Dynamic Hedging clients choosing to either transfer to lower-margin Passive Hedging or to terminate during the first half of the year as a result of negative returns and cash flows following a period of sterling weakness after the EU referendum. Currency for Return and Multi-product strategies increased during the year predominantly as a result of aggregate net inflows of +$0.9 billion, and together now account for 8% of total AUME (2017: 6%).

Client numbers

Client numbers reached 60 at 31 March 2018 (2017: 59). The net increase of one client over the year was comprised of seven new clients and six clients whose mandates were terminated.

AUME composition by product and base currency

	Dynamic Hedging		Passive Hedging		Currency for Return		Multi-product	
Base currency	**31 March 18**	31 March 17	**31 March 18**	31 March 17	**31 March 18**	31 March 17	**31 March 18**	31 March 17
Sterling	**—**	GBP 1.7bn	**GBP 6.6bn**	GBP 7.8bn	**—**	—	**—**	—
US dollar	**USD 4.3bn**	USD 4.3bn	**USD 1.0bn**	USD 0.7bn	**USD 0.4bn**	USD 0.7bn	**USD 1.2bn**	USD 0.2bn
Swiss franc	**—**	—	**CHF 32.2bn**	CHF 31.6bn	**—**	—	**CHF 2.6bn**	CHF 2.3bn
Euro	**—**	—	**EUR 7.1bn**	EUR 5.4bn	**—**	—	**—**	—
Canadian dollar	**—**	—	**—**	—	**CAD 0.5bn**	CAD 0.4bn	**—**	—
Singapore dollar	**—**	—	**SGD 0.1bn**	SGD 0.1bn	**—**	—	**—**	—
Swedish krona	**—**	—	**SEK 2.6bn**	SEK 2.4bn	**—**	—	**—**	—

FINANCIAL REVIEW

The Group saw increased revenues in the year and continues to invest in resources to further enhance its differentiated products and services.

Steve Cullen
Chief Financial Officer

Overview

The Group's AUME grew to $62.2 billion (+7%) representing the highest ever year end AUME reported for the Group, when expressed in US dollars.

Asset net outflows were -$1.2 billion (2017 net inflows: +$3.2 billion), and increases in underlying equity and other market movements totalled +$5.1 billion (2017: +$5.4 billion). Client numbers remained broadly consistent with last year, reaching 60 at the year-end (2017: 59).

The Group's total revenue increased by 4% over last year, notwithstanding the reversal in part of last year's tailwind due to sterling's 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.

The Group continued to invest in resources to maintain the level of innovation and product enhancement necessary to maintain Record's differentiated and premium product and service offering over the long term. Total operating expenditure (excluding variable remuneration costs) increased by 13% over the prior year, including increases in both personnel costs (+11%) and non-personnel costs (+15%). Variable remuneration costs relating to the Group Profit Share ("GPS") scheme decreased by 6% in line with the decrease in operating profit (calculated before GPS).

The Group's operating profit margin decreased to 31% (2017: 34%) for the year, and profit before tax decreased by 7% versus the prior year.

Profit and loss (£m)	2018	2017 (as restated)
Revenue	**23.8**	23.0
Cost of sales	**(0.3)**	(0.3)
Gross profit	**23.5**	22.7
Personnel (excluding GPS)	**(7.9)**	(7.1)
Non-personnel cost	**(5.4)**	(4.7)
Other income or expense	**0.2**	0.2
Total expenditure (excluding GPS)	**(13.1)**	(11.6)
GPS	**(3.1)**	(3.3)
Operating profit	**7.3**	7.8
Operating profit margin	**31%**	34%
Net interest received	**–**	0.1
Profit before tax	**7.3**	7.9
Tax	**(1.2)**	(1.6)
Profit after tax	**6.1**	6.3

Revenue

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

Revenue analysis (£m)	2018	2017 (as restated)
Management fees	**23.5**	22.7
Performance fees	**–**	–
Other currency services income	**0.3**	0.3
Total	**23.8**	23.0

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 Dynamic and, more recently, enhanced Passive Hedging programmes can be offered with 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 are normally invoiced on a quarterly basis, although Record may invoice management fees for some of its larger clients on a monthly basis. Performance fees are invoiced on the basis agreed with the client, and can include quarterly, six-monthly or annual performance periods.

Management fees

Management fees earned during the year increased by 3% to £23.5 million (2017: £22.7 million), notwithstanding the impact of sterling strength during the year on the conversion of non-sterling denominated fees.

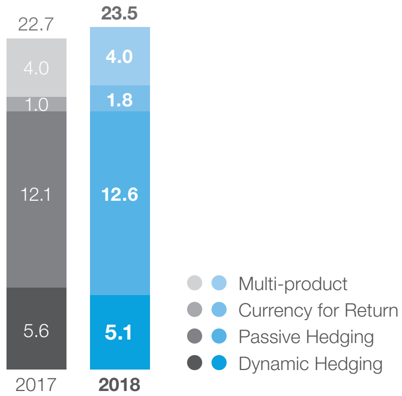
The year-on-year growth in Passive Hedging continues, with Passive Hedging management fees increasing by 56% over the last three years, and totalling £12.6 million for the year (2017: £12.1 million). Passive Hedging management fees comfortably cover the annual personnel costs of £7.9 million and the majority of the non-personnel costs (excluding variable remuneration) of £5.4 million. The increase in Passive Hedging management fees was primarily driven by the full-year effect of net AUME inflows totalling $2.5 billion in the prior year, alongside growth in equity and other market levels (+$1.7 billion) over the year increasing the underlying size of these mandates.

Dynamic Hedging management fees reduced by 8% to £5.1 million (2017: £5.6 million). Net outflows totalled $1.7 billion over the year.

Inflows of $0.6 billion into Currency for Return mandates in the year, alongside the full year effect of inflows of $0.3 billion in the prior year, resulted in an 80% increase to related management fees which totalled £1.8 million for the year. Total Multi-product management fees remained at £4.0 million for the year with fees from inflows of +$0.3 billion early in the year offsetting the reduced fees arising from net outflows of $0.5 billion in the latter half of the prior year.

Management fees by product (£m)	2018	2017
Dynamic Hedging	**5.1**	5.6
Passive Hedging	**12.6**	12.1
Currency for Return	**1.8**	1.0
Multi-product	**4.0**	4.0
Total	**23.5**	22.7

Management fees by product (£m)



Average management fee rates for all product lines have remained broadly constant throughout the year ended 31 March 2018.

Average management fee rates by product (bps)	2018	2017
Dynamic Hedging	**14**	12
Passive Hedging	**3**	4
Currency for Return	**16**	15
Multi-product	**18**	20

Aggregate Currency for Return fee rates on AUME can change as a result of increasing or decreasing 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 as diversification between strategies has become greater, reducing the volatility of the aggregate return to the client. This effect may reverse in future periods. Fee rates based on volatility targets have not changed during the period.

Performance fees

Performance fees can be earned from Currency for Return, Dynamic Hedging and now more recently from some enhanced Passive Hedging programmes, dependent on the individual client agreement. Record had two Dynamic Hedging mandates during the year incorporating a performance fee component, both of which were for UK-based clients. As reported in October 2017, Record's remaining UK-based Dynamic Hedging programmes ceased without any accrued performance fees. The first performance fees capable of being earned under the enhanced Passive Hedging programmes will be earned in the year ended 31 March 2019. There was no performance fee earned in the year (2017: nil).

Other currency services income

Other currency services income totalled £0.3 million (2017: £0.3 million) and consists of fees from ancillary currency management services including revenue from the licensing agreement with WisdomTree. Gains or losses made on derivative financial instruments employed by the Group's seed funds or as a result of hedging activities, and other FX adjustments which were previously included within revenue as "other income" have been re-presented in expenditure as "other income or expense". Details of the effect of this presentational change are provided in note 29 to the financial statements.

FINANCIAL REVIEW CONTINUED

Expenditure

Operating expenditure

The Group continues to invest in personnel and resources to maintain its innovative approach and its premium products and levels of service. The enhanced Passive Hedging service has been developed with a view to saving costs and adding value for those Passive Hedging clients with the flexibility to take advantage of the episodic nature of the opportunities arising. This additional capability requires higher technical expertise and resource than the core Passive Hedging product alone.

Group operating expenditure (excluding variable remuneration) increased by 13% to £13.1 million for the year (2017: £11.6 million). Personnel costs for the year increased to £7.9 million, an increase of 11% over the prior year reflecting the growth in employee numbers, which rose from an average of 73 last year to 81 this year. The increase in non-personnel costs of 15% was driven predominantly by the full-year impact of the increase in occupancy costs associated with the new lease on larger offices for Record's headquarters in Windsor and the move of the US office from Atlanta to New York, both at higher market rentals than was previously the case. The Group also signed a lease for the new office in Zürich during the year (see note 23 of the financial statements for further detail). One-off costs of £0.2 million were incurred in the year relating to the Tender Offer in July 2017.

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 2018, the Group Profit Share Scheme is 30% of pre-GPS operating profit. This represents £3.1 million, a decrease of 6% 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.

Operating profit and margins

Notwithstanding the increase to management fees and revenue for the year, the continued investment in resources and the increase in non-personnel costs has resulted in a 6% decrease in operating profit for the year to £7.3 million, and a decrease in the Group operating margin to 31% (2017: 34%).

Cash flow

The Group's year end cash and cash equivalents stood at £12.5 million (2017: £19.1 million). The cash generated from operating activities before tax was £4.3 million (2017: £8.7 million); the majority of the decrease year on year is the decrease in cash of £4.1 million following the loss of "control" and subsequent deconsolidation of the Record Currency – Emerging Market Currency Fund (see note 12 for further details). £1.6 million was paid in taxation (2017: £1.6 million) and £6.8 million paid in dividends (2017: £3.6 million). During the year the Group repurchased 22.3 million shares via a Tender Offer for cash of £10 million.

At the year end, the Group held money market instruments with maturities between three and twelve months, worth £10.2 million (2017: £18.1 million). These instruments are managed as cash by the Group but are not classified as cash under IFRS rules (see note 16 of the financial statements for more details).

Dividends

Shareholders received an interim ordinary dividend of 1.15 pence per share paid on 22 December 2017, equivalent to £2.3 million. As disclosed in the Chairman's statement on page 4, the Board is recommending an increased ordinary dividend in line with the progressive dividend policy and in addition a special dividend returning the excess of this year's earnings over the total ordinary dividend and increased capital requirements, to shareholders.

Consequently, the Board recommends paying a final ordinary dividend of 1.15 pence per share, equivalent to £2.3 million, and taking the overall ordinary dividend to 2.30 pence per share. Simultaneously, the Board is also paying a special dividend of 0.5 pence per share (equivalent to £1.0 million), making the total dividends paid for the year of £5.6 million equivalent to 92% of total earnings of 3.03 pence per share. The total ordinary and special dividend paid in respect of the prior year ended 31 March 2017, were 2.00 pence per share and 0.91 pence per share respectively.

Subject to shareholder approval, the final ordinary dividend will be paid simultaneously with the special dividend on 1 August 2018 to shareholders on the register on 29 June 2018, the ex-dividend date being 28 June 2018. 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 continue 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 £26.6 million at the end of the year, including current assets managed as cash totalling £22.7 million. The business remains cash generative, with net cash inflows from operating activities of £2.7 million for the year.

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

In July 2017, the Group returned £10 million of excess capital to shareholders by a repurchase of shares via a Tender Offer, whilst retaining a significant capital buffer in the business over its regulatory requirements in line with the capital policy.

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

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

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

Regulatory capital resources (£m)	**2018**	2017
Core Tier 1 capital	**26.6**	36.8
Deductions: intangible assets	**(0.2)**	(0.2)
Regulatory capital resources	**26.4**	36.6

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

Viability statement

In accordance with the UK Corporate Governance Code, the Directors have performed a robust assessment of the viability of the Group considering the business model, the Group's expected financial position, Board strategy and risk appetite, the Group's solvency and liquidity and its principal risks. Based on this assessment, the Directors have a current and reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due up to 31 March 2021.

The Directors review the financial forecasts and position of the Group on an ongoing basis. The capital and dividend policy reflects the stated objectives of maintaining a strong balance sheet whilst allowing the Group the flexibility to adapt its products and services to market conditions, or to take advantage of emerging business opportunities. The Group's strategy and principal risks are assessed and reviewed regularly by the Board, as well as by the Executive Committee and operational sub-committees within the Group. Further detail on the Group's strategy and principal risks is given in the Strategic report on pages 10 and 32 respectively.

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

Some of the stress scenarios include the following factors and assumptions:

- **Market downturn** – causing a decrease to AUME (whether through outflows or a reduction in value due to the link to other financial markets) and hence revenue and profitability;
- **Operational risk event** – causing AUME outflows and potentially reputational damage; and
- **Market intervention** – by a government or regulatory body rendering some of the Group's products ineffective and hence a reduction in AUME.

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

The market and regulatory environment in which the Group operates continues to evolve at a pace. The Directors consider a three-year horizon over which to assess the viability of the Group to be appropriate under such circumstances, since any further planning horizon provides a greater level of uncertainty to financial projections. This approach is consistent with that of the ICAAP.

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

Our business model and Brexit

The British government invoked Article 50 on 29 March 2017, beginning the two-year countdown to the UK withdrawing from the European Union. Notwithstanding the more recent progress made in negotiations, uncertainty remains on the possible outcomes and timeframes for many aspects of the withdrawal.

Approximately 90% of our revenue was sourced from clients based outside of the EU27, so any decrease in our current EU27-sourced revenue would prove challenging, although not fundamental to our ability to continue to operate. However, the Group intends to take all reasonable steps to maintain its ability to continue to service current EU clients and to gain more EU clients in the future. In this respect, we continue to closely monitor the progress of negotiations, and have made sufficient progress with contingency plans that we would expect would allow us to achieve this objective, no matter what the outcome of the negotiations, including any transition period.

For this reason, we consider Brexit to represent a level of risk to the continued operation and viability of the business that is lower than those principal risks used for the stress scenarios and modelled through the ICAAP.

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.

Risk management framework

Risk appetite

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

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

- Capital adequacy risk
- Conduct risk
- Reputational risk
- Strategic and business risk
- Market risk
- Credit risk
- Operational risk
- Investment risk

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

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

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

Oversight

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

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

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

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

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 approved by the Audit and Risk Committee, the Risk Management Committee continually reviews existing and new risks, and the nature of any operational incidents with the objective of ensuring that adequate systems and controls are in place to minimise and preferably eliminate such incidents and their impact on clients and the Group.

Lines of defence

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

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

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

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

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

Principal risks

The following section shows the Board's assessment of the top ten inherent risks faced by the business during the year and currently, alongside an explanation of how these risks have been managed or mitigated down to a net risk position in line with the Group's risk appetite, and how the significance of the risk has changed during the year. 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.

Embedded culture of integrity and accountability

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

External independent assurance activity

Statutory external audit (independent assurance – PwC)	ISAE 3402 and AT-C 320 service auditor's report on internal controls (independent assurance – PwC)

RISK MANAGEMENT CONTINUED

Strategic risks

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	How risk is managed	Board risk rating	Change
Brexit **Description of risk:** the risk that Record will not be ready to comply with post-Brexit requirements in respect of the legal and structural framework under which banking, trading and regulatory rules will operate. Brexit may also reduce the ability of the business to attract and retain talented employees. **Potential impact:** the inability to service existing clients and to attract new clients from EU27 countries may result in outflows and the loss of future potential revenue streams. A lack of talent may also affect future product innovation and succession planning in the business.	Record has established a Brexit Working Group to monitor ongoing progress with EU negotiations. A contingency plan has been prepared, including engagement with the Central Bank of Ireland, with a view to ensuring the continued access to current and future EU27-based clients. Notwithstanding the temporary pause to the implementation of this plan due to the probable extension of the transition period to December 2020, we continue to prepare alternative plans in the event that the transition period does not materialise.	Medium	−
Margin compression **Description of risk:** the risk of a lower fee environment due to changes in investor demand or competitive pricing pressures, and/or rising costs within the industry arising from regulatory requirements and/or technological advances. **Potential impact:** reduced fee rates and/or increased costs lead to decreased margins.	Focus on bespoke solutions and added-value to differentiate products within the market. Focus on offering premium service to clients differentiates Record from competition and builds long-standing and “trusted adviser” relationships. Continued investment into systems and process enhancements, plus flexible internal structure can accommodate new obligations (e.g. regulatory reporting) in most efficient way.	Medium	↑

Strategic report
Governance
Financial statements
Additional information

Business risks

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	How risk is managed	Board risk rating	Change
Concentration risk **Description of risk:** the risk of concentration either by product, client type or geographical location leading to over-reliance on any one category of revenue. Record has a relatively small number of high-value clients. For the year ended 31 March 2018, Record's largest client generated 17% of revenue, and the largest five client relationships generated 60% of revenue. For the year ended 31 March 2018, 30% of revenues derived 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. **Potential impact:** Record's products are all currency management based. A move away from currency by its core client base or a high-value client, or a change in Swiss regulation could result in material outflows and loss of revenue.	Diversification of investment capabilities across risk-reducing and risk-taking products to reduce single event/product exposure. Record's non-hedging revenues increased from 22% to 25% of management fees during the year, and the Multi-Strategy product reached the fifth anniversary of its live track record leading to the launch of the Multi-Strategy fund in the final quarter of the year. 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.	Medium	—
People and employment risk **Description of risk:** the inability to attract or retain key employees could impact the Group's ability to support business activities or achieve strategic objectives. **Potential impact:** not supporting business activities or achieving the strategic objectives of the Group would lead to a material negative impact on corporate performance.	The Group has continued to invest in resources to broaden capabilities in research, investment and client servicing thereby reducing the risk associated with the loss of key talent. 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. 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.	Medium	—

RISK MANAGEMENT CONTINUED

Market risk

The risk of any impact on the Group's financial condition due to adverse market movements caused by market variables such as interest rates, FX prices, etc.

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

Risk	How risk is managed	Board risk rating	Change
Market liquidity risk **Description of risk:** the risk of reduced or constrained market liquidity affecting Record's investment process, which relies on trading a high turnover of client positions in both size and volume. In recent years although liquidity has routinely been sustained in normal market environments, it has become more fragile and less reliable in stressed market conditions. **Potential impact:** a reduction in market liquidity could affect Record's ability to meet its contractual obligations to clients, resulting in outflows and reductions to revenue.	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 removal of the Swiss franc peg in January 2015, and the result of the UK referendum in June 2016.	Low	↓
Treasury risk Description of risk: 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. **Potential impact:** periods of sterling strength may have adverse effects on Group profit. **Description of risk:** the Group invests a limited amount of its resources in seed funds, exposing it to credit risk and foreign exchange risk **Potential impact:** may have adverse effects on Group profit.	On a regular and ongoing basis, the Group hedges the non-sterling income not capable of being utilised for costs arising in the same currency, from the date that income is accrued until the anticipated date of receipt by using forward fixed rate currency sales contracts. 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.	High	↑

Credit risk

The risk 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	How risk is managed	Board risk rating	Change
Credit risk **Description of risk:** the risk that unexpected losses may arise as a result of the Group's clients or market counterparties failing to meet their obligations to pay. **Potential impact:** may lead to reduced profitability and earnings.	Record's dedicated Cash Management Team manages the Group's overall credit exposure in accordance with strict levels of exposure by instrument, counterparty, tier and duration. 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 the Board. Record has predominantly large institutional clients, including government and public pension funds, which typically offer less credit risk.	Low	↓

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	How risk is managed	Board risk rating	Change
Technology and information security risk **Description of risk:** the risk of failure of the Group's technology and support systems, or penetration of such systems by third parties. **Potential impact:** consequential loss of data, or the significant disruption to, or prevention of the Group's ability to operate, which could cause negative financial consequences.	The Group has developed comprehensive disaster recovery ("DR") 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 DR site should the premises be compromised. DR 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 and cyber-related KPIs are reported in Management and Board information packs on a monthly basis. Regular review of the systems and controls in place ensures application of latest best practice and security procedures, as demonstrated during the year with the implementation of next generation end point protection across business systems. During the year, the training programme for employees was strengthened with the introduction of regular "phishing" tests to improve awareness of such threats as they evolve.	High	
Operational control environment **Description of risk:** the risk of errors in execution and process management, dealing, portfolio implementation, settlement, managing bespoke requirements and reporting and the risk of non-compliance including monitoring of investment breaches. **Potential impact:** such errors or non-compliance would potentially lead to negative financial consequences.	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. Record's compliance and risk department regularly reviews adherence to formal and established procedures via a structured monitoring programme, reporting directly to the RMC. Automated post-trade compliance tests are used to monitor whether programmes are running in line with expectations, and identify any potential issues that may need to be resolved in a timely manner. Record's internal audit function reports independently to the Audit and Risk Committee and reviews higher-risk operational departments on a cyclical basis, ensuring regular independent coverage of deemed higher-risk operational areas. Record prepares an annual ISAE 3402 and AT-C 320 service auditor's report on internal controls. The contents of this report, which has been independently reviewed and tested by PwC, provide assurances of the Group's procedures and controls to mitigate operating risk.	Medium	

RISK MANAGEMENT CONTINUED

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	How risk is managed	Board risk rating	Change
Product underperformance risk **Description of risk:** risk of sustained periods of not delivering target investment performance. **Potential impact:** underperformance could result in AUME outflows and client losses with resultant loss of revenue.	Experienced Investment Committee meets regularly. Dedicated currency management research and investment focus. Diversification, both through offering multiple strategies, 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.	Medium	

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

- Community
- Workplace
- Environment

Community

During the course of the year, the Group made charitable donations totalling £13,658. 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.

In addition to these events, a group of employees participated in a volunteering day at a day centre for SHOC (Slough Homeless Our Concern). Employees assisted with a number of tasks including checking visitors into the day centre and cooking meals, as well as assisting with cleaning and maintenance of the centre itself.

The Group has an established internship programme for students and during the year we welcomed interns from Oxford University, London School of Economics, ETH Zürich, University of Warwick, Royal Holloway and University of Bristol.

Charitable donations
(£'000)

Human rights

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

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

Workplace

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

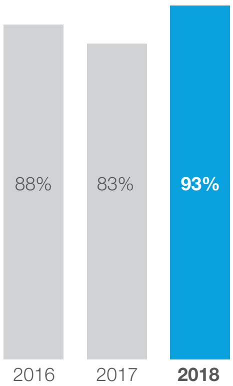
The Group's UK offices have been designed to allow all departments to work together in an open plan environment. The open plan office allows ease of communication between departments, as well as enabling staff to work closely with senior management.

In addition to the open plan office, the UK office also has an additional floor which 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 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.

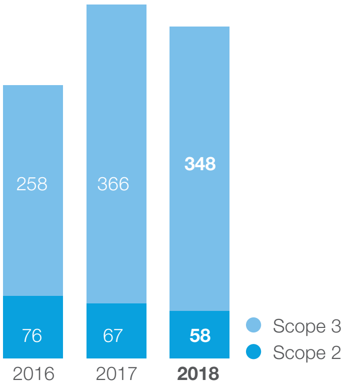
The Group believes that valuing what is unique about individuals and drawing on their different perspectives and experience will add value to the way the Group does business. By accessing, recruiting and developing talent from the widest possible pool the Group can gain an insight into different markets 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:

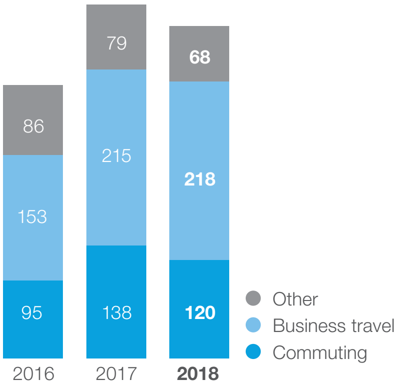
As at 31 March 2018	Female		Male	
Board Directors	3	33%	6	67%
Senior management	2	13%	14	87%
Other staff	25	42%	35	58%
All employees	**30**	**35%**	**55**	**65%**

Environment

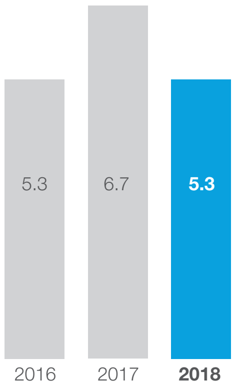
Gross CO_2 emissions
(Tonnes)



Gross CO_2 emissions by activity
(Tonnes)



Gross CO_2 emissions per head
(Tonnes)



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

The Group's annual emissions[1] (before offset) have been calculated using the WRI/WBCSD Greenhouse Gas Protocol. Scope 2 emissions principally relate to electricity and heat and Scope 3 emissions principally relate to travel. Scope 3 emissions accounted for 86% of emissions (2017: 85%).

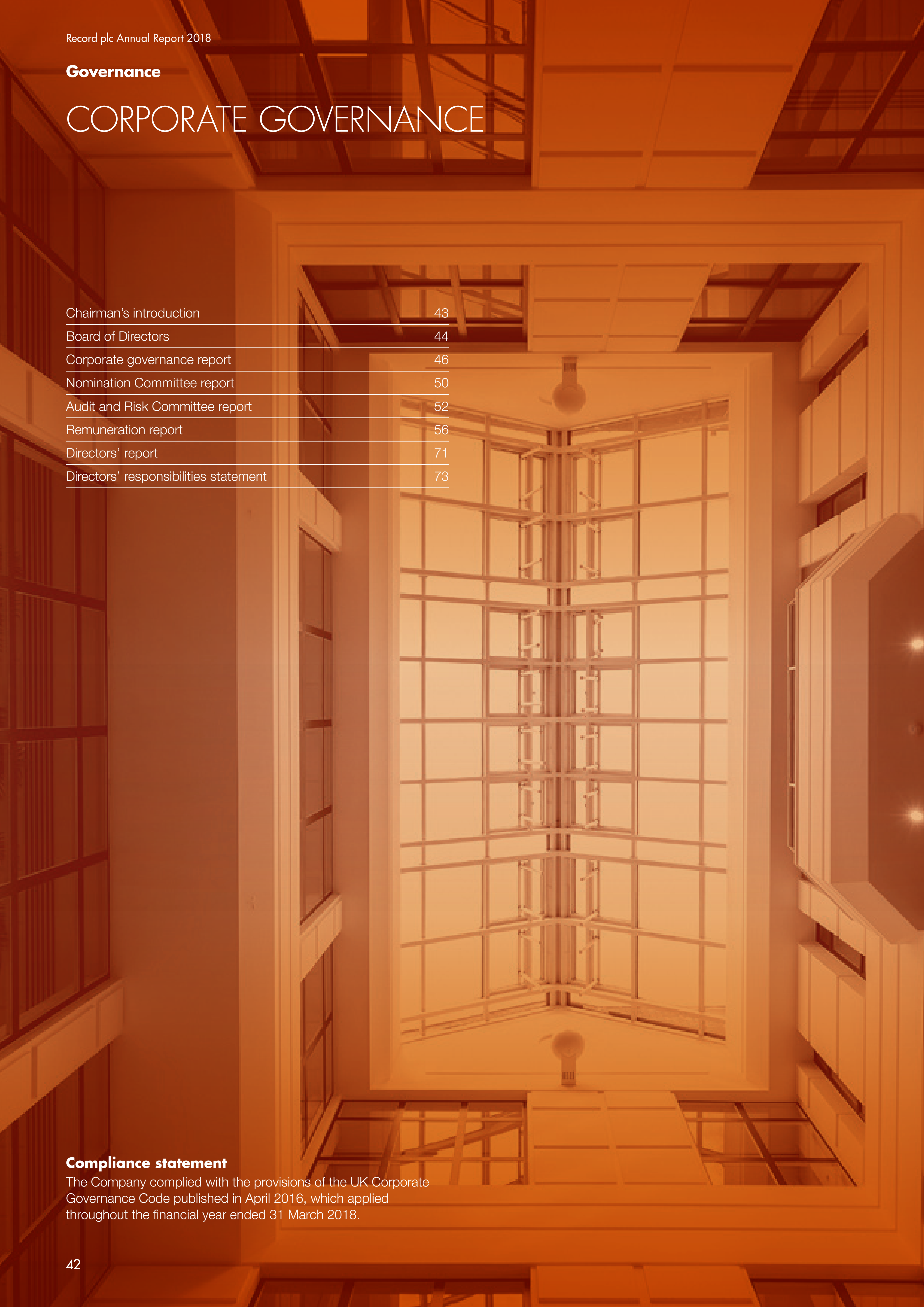
The Company's Strategic report is set out on pages 2 to 41 of the Annual Report, and is comprised of the Introduction, Strategy and Business review, Risk Management and Corporate Social Responsibility report.

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

The Strategic report was approved by the Board on 14 June 2018 and signed on its behalf by:

James Wood-Collins
Chief Executive Officer

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



Governance

CORPORATE GOVERNANCE

Compliance statement

The Company complied with the provisions of the UK Corporate Governance Code published in April 2016, which applied throughout the financial year ended 31 March 2018.

CHAIRMAN'S INTRODUCTION

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

The UK and global regulatory and governance environments have continued to evolve at a rapid pace over recent months but I am confident that the Group's governance arrangements remain both appropriate and highly effective and that going forward the Group will embrace further regulatory and governance change in its drive to best serve its stakeholders – clients, shareholders and employees.

Succession planning has been a focus of the Board over the last 18 months as we have conducted a search for a new independent director to replace David Morrison who will cease to be deemed independent on 1 October 2018. I am delighted to confirm that we have identified and appointed a highly skilled individual, Tim Edwards, who I believe will add great value to the Board and bring extensive experience and good business insight to the Record Group.

Neil Record
Chairman

14 June 2018

Board overview

The Board is responsible for the stewardship of the Company. Further information on the corporate governance framework is provided on pages 46 to 49.

BOARD

BOARD COMMITTEES

NOMINATION | REMUNERATION | AUDIT AND RISK

OPERATIONAL COMMITTEES

EXECUTIVE | INVESTMENT | RISK MANAGEMENT

OPERATIONAL SUB-COMMITTEES

Investment Management Group | **Portfolio Management Group**

Governance

BOARD OF DIRECTORS

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

Neil Record
Chairman

N

Neil 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.

James Wood-Collins
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
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 for over nine years, reporting directly to the Chief Financial Officer, and was part of the internal management team at Record involved in the preparation for admission to trading on the London Stock Exchange in December 2007.

Leslie Hill
Head of Client Team

Leslie Hill joined Record in 1992 and was appointed Head of Sales and Marketing in 1999.

Her prior experience includes working at Lloyds Bank and Merrill Lynch where she was Director and Head of Corporate Foreign Exchange Sales worldwide.

Bob Noyen
Chief Investment Officer

Bob Noyen joined Record in 1999 with responsibility for Investment and Research.

He chairs Record's Investment Committee and the Investment Management Group. He previously worked as Assistant Treasurer for Minorco (part of Anglo American plc).

David Morrison

Senior Independent Director

A N R*

David Morrison was appointed as a Non-executive Director in October 2009. David is the founder of Prospect Investment Management, a venture capital advisory firm which was responsible for several investments on behalf of a small group of investors.

He is currently Chairman of both Be Heard Group plc and Maris Ltd, an investment holding company active in East Africa, and on the board of several private companies with which Prospect is associated.

Jane Tufnell

Non-executive Director

A N* R

Jane Tufnell was appointed as a Non-executive Director in September 2015. Jane co-founded the investment management firm Ruffer in 1994, and served on its management board until her retirement in June 2014.

She is the senior independent director of The Diverse Income Trust plc, Chairman of Odyssean Investment Trust plc, and has been an independent Non-executive director of JPMorgan Claverhouse Investment Trust plc since October 2013.

Rosemary Hilary

Non-executive Director

A* N R

Rosemary Hilary was appointed as a Non-executive Director in June 2016. She was previously Chief Audit Officer of TSB Bank, and 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.

Tim Edwards

Non-executive Director

A N R

Tim Edwards was appointed as a Non-executive Director in March 2018. Tim is Chairman of Storm Therapeutics Limited, spun out of the Gurdon Institute, Cambridge University, and a Director of Ervaxx Limited, a company developing biological insights licensed from the Francis Crick Institute, London.

Tim is also a Trustee of the Institute of Research in Schools, and was previously a member of the Governing Board of Innovate UK, the UK's innovation agency; and a Non-executive Director of the Cell Therapy Catapult, and Chair of the UK BioIndustry Association.

Gender diversity

As at year end and as at the date of report

MALE 67%

FEMALE 33%

Board tenure

0-3 yrs 33%

4-6 yrs 11%

7+ yrs 56%

A Audit and Risk Committee

N Nomination Committee

R Remuneration Committee

* Chair

CORPORATE GOVERNANCE REPORT

Corporate culture

Since the business was first established in 1983 Record has endeavoured to put the interests and needs of our clients first and this cultural belief is encouraged and deeply embedded within all business functions. The Board has worked hard to ensure that the importance of client focus through diligence, transparency, accountability and probity has been disseminated to all staff, contractors and consultants across the Group.

The UK Corporate Governance Code

The Board has adopted the principles established in the UK Corporate Governance Code April 2016 and its previous versions (all referred to as "the Code") since its Admission to the Official List of the UK Listing Authority in December 2007. Copies of the Code can be obtained from the FRC's website at www.frc.org.uk.

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

As a non-FTSE 350 company, Record plc is classed as a smaller company under the Code. The Group has been in compliance with the Code 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 on an ongoing basis (B.1.2.);
- the annual Board performance evaluation is not externally facilitated (B.6.2.);
- Directors are not re-appointed on an annual basis (B.7.2.).

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 structured manner and to respond rapidly when issues arise.

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 four Non-executive Directors, David Morrison, being the Senior Independent Director, Jane Tufnell, Rosemary Hilary and Tim Edwards. The biographical details of the Board members are set out on pages 44 and 45.

Tim Edwards was appointed to the Board on 21 March 2018.

On an ongoing basis at least half the Board members have not been independent Non-executive Directors as required by the Code for FTSE 350 companies but the Board does comply with the Code's provision for smaller companies to have at least two independent Non-executive Directors. The Board considers that the existing composition 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 Chief Executive Officer is responsible for the executive management of the Group to grow the business profitably while acting in the interests of all stakeholders – clients, shareholders, employees and industry regulators and upholding the core values of Record.

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.

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

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, Rosemary Hilary and Tim Edwards to be independent at the current time. Neil Record is a Non-executive Chairman, although he is not considered to be independent.

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 and stand for re-election 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.

Board member diversity

The Board has three female members in a board of nine and thus women make up 33% 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 Group's Board Diversity Policy. Diversity in the workplace is detailed on page 40.

Board meetings

The Board met six times between 1 April 2017 and 31 March 2018 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 2018.

Board meeting and Committee meeting attendance

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

Board/Committee member	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Meetings in the year	**6**	**6**	**9**	**6**
Neil Record	6/6	n/a	n/a	6/6
David Morrison	5/6	4/6	7/9	5/6
Jane Tufnell	6/6	6/6	9/9	6/6
Rosemary Hilary	6/6	6/6	9/9	6/6
James Wood-Collins	6/6	n/a	n/a	n/a
Steve Cullen	6/6	n/a	n/a	n/a
Leslie Hill	6/6	n/a	n/a	n/a
Bob Noyen	6/6	n/a	n/a	n/a
Tim Edwards	0/0	0/0	0/0	0/0

David Morrison was unable to attend the Audit and Risk Committee, Remuneration and Nomination Committee meetings held in May 2017, the Board meeting held in June 2017 and the Audit and Risk Committee and Remuneration Committee meetings held in January 2018 due to medical reasons.

The Board also met on 20 June 2017 to discuss the return of excess capital to shareholders and formally agreed a tender offer and share repurchase, further details of which are provided in the Chairman's statement.

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

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 an external evaluation of performance was not necessary at the current time and delegated responsibility for the review to Jane Tufnell, Chair of the Nomination Committee. Jane held individual meetings with all the Board members to canvas opinions. The comments made during these meetings were recorded and a report produced which documented the observations made and assessed the activities and achievements of the Board and its committees during the period under review. Members were also invited to separately approach the Chairman or Company Secretary with any individual concerns or comments they had. No concerns were raised directly to the Chairman or the Company Secretary.

As in previous evaluations, the review of the comments made during the evaluation process identified no serious concerns over the functioning of the Board, its members or its Committees.

Individual appraisal of each Director's performance is undertaken by the Chief Executive Officer and the Chairman. The Senior Independent Director conducted an appraisal of the performance of the Chairman with input from the other Board members. The outcome of these appraisals in 2018 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 50 and 51;
- Audit and Risk Committee – report set out on pages 52 to 55; and
- Remuneration Committee – report set out on pages 56 to 70.

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 the respective Committee Chair to assess each committee's effectiveness during the year. The reviews concluded that the committees were operating in an effective manner and no concerns were raised and these conclusions were reported to the Board accordingly.

Operational Committees

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

Executive Committee

The Executive Committee is the decision-making body for all day to day operations as delegated from the Board and Record plc's subsidiaries. The Committee comprises the Chief Executive Officer as chair, the three other Executive Directors, the Chief Operating Officer, a Managing Director and the Head of Human Resources.

In February 2018 the Board approved the addition of the Head of Human Resources to the Executive Committee membership, acknowledging that staff retention and development is key to the success of the Group going forward and that therefore Human Resources representation on the Committee would be highly beneficial. The appointment was subject to FCA approval of the Head of Human Resources performing a CF29 role. This approval was granted on 26 March 2018 so the Head of Human Resources did not attend any meetings as a Committee member in the year although he attended two meetings as an observer and four other meetings to present specific personnel-related issues.

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. The Head of Compliance and Risk is a regular attendee of meetings (attending ten out of twelve meetings in the year under review).

Minutes of all meetings are circulated to the Board for review and comment.

Investment Committee

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

Risk Management Committee

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

Operational Sub-Committees

The Investment Committee has further delegated certain investment process activities to the following sub-committees:

Investment Management Group

The Investment Committee has delegated to the Investment Management Group the authority to make certain decisions to override systematic investment processes and manage discretionary investment processes. The Investment Management Group consists of the Chief Investment Officer, the Head of Portfolio Management and the Head of Investment 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 delegated to the Portfolio Management Group the authority to plan and implement process overrides as instructed by the Investment Management Group. The Portfolio Management Group consists of the Chief Operating Officer, the Head of Portfolio Implementation, the Head of Trading, the Head of Operations, 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 32 to 38 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 2018 and is satisfied that the internal control environment is appropriate (see 'Internal controls and risk management' on page 54).

Approved by the Board and signed on its behalf by:

Joanne Manning
Company Secretary

14 June 2018

NOMINATION COMMITTEE REPORT

Role of the Committee

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

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

Committee duties

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

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

The full terms of reference of the Committee comply with the UK Corporate Governance Code ("the Code") and are available on the Group's website or from the Company Secretary at the registered office address.

Membership of the Committee

The Committee has been chaired by Jane Tufnell since September 2016. Jane is supported by the other independent Directors; David Morrison, Rosemary Hilary and Tim Edwards and the Group Chairman, Neil Record. Tim Edwards was appointed on 21 March 2018 and so did not attend any Committee meetings in the year under review.

Committee meetings

The Committee met on six occasions during the year ended 31 March 2018 and invited the Chief Executive Officer, Company Secretary and the Head of Human Resources to join the meetings as the Committee considered appropriate. Committee member meeting attendance is detailed on page 47.

Jane Tufnell as 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 the selection and appointment of a new independent director to replace David Morrison who will no longer be deemed to be independent from 1 October 2018.

The appointment process started in early 2017 when the Committee worked with the Head of Human Resources to prepare an Independent Director Specification, detailing the personal attributes required together with a job description for the role.

The Committee delegated the responsibility for managing the recruitment process to Jane Tufnell and Neil Record. With the Committee's approval, Jane and Neil appointed London-based executive search firm Norman Broadbent in June 2017 to assist in the selection process. Norman Broadbent is a signatory to the Voluntary Code of Conduct on Gender Diversity and is independent of Record. A shortlist of 14 candidates was subsequently identified and interviews held with four candidates in August and September 2017.

This search identified Tim Edwards as the preferred candidate to take forward in the selection process.

During the selection process Tim met all the Board members, the Head of Compliance and Risk, the Chief Operating Officer, the Head of Human Resources and the Company Secretary and their feedback was obtained prior to the Committee's final review of Tim's suitability for the role.

The Nomination Committee met in November 2017 to review the suitability of Tim and it was agreed that he has the necessary skills and background for an independent Director role at Record. A formal recommendation to the Board was made accordingly, proposing that the Board offer the role of independent Director to Tim. This recommendation was unanimously approved by the Board subject to FCA approval of Tim's appointment as a Director of Record Currency Management Limited. Regulatory approval was granted by the FCA on 21 March 2018 and Tim's appointment became effective on that date.

The Committee is satisfied with the outcome of the Independent Director selection process and is confident that Tim will rise to the demands of challenging the Board, ensuring the business meets its objectives and helping it to maintain its strong approach to governance and client-focused culture.

Board diversity and membership

The Board Diversity Policy was last reviewed by the Committee in November 2017. The Committee agreed the policy remained appropriate but that it should be enhanced to include the objective that the minority gender should represent at least one-third of the Board.

The Committee believes that the recent independent director search took into account the benefits of diversity. The Committee has also acknowledged that future executive director succession planning should embrace the benefits of diversity, including gender diversity, to ensure that any individual selected will add to the Board's mix of perspective, experience, background and personal attributes.

The Committee is satisfied that the current composition of the Board remains appropriate and meets the gender target set in the Board Diversity Policy. The Committee is also content that the time commitment required of independent Directors is consistent with the nature and size of the business.

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chair of the Committee in May 2018. The conclusion was that the Committee had been effective in carrying out its duties.

Annual General Meeting

Neil Record, Steve Cullen and Bob Noyen are due to retire by rotation and stand for re-election at the 2018 AGM. The Committee (without Neil) met to review the Directors standing for re-election, taking into account their ongoing effectiveness and commitment. The Committee agreed that Neil, Steve and Bob continue to make valuable contributions to the Board's deliberations and accordingly the Committee has recommended the Board approve a resolution in respect of their re-election by shareholders.

Under the Company's Articles of Association when the Board of Directors appoints a new Director, that Director must stand for election at the next AGM. Accordingly, Tim Edwards will retire and stand for election as an independent director at this year's AGM. Under Listing Rules the appointment of independent directors must be approved by a simple majority of all shareholders and by a simple majority of the independent shareholders. Further details are set out in the 2018 Notice of Annual General Meeting. The Nomination Committee has reviewed the election of Tim and has recommended the Board approve a resolution in respect of his election by shareholders.

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

Looking forward

As well as considering its standing items of business, the Committee will continue to focus on succession planning. The Committee will continue to consider the required skillset for the Board and is keen to consider the appointment of suitable external candidates should they present themselves.

Approved by the Committee and signed on its behalf by:

Jane Tufnell
Chair of the Nomination Committee

14 June 2018

AUDIT AND RISK COMMITTEE REPORT

Role of the Committee

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

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

Committee duties

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

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

Membership of the Committee

The Committee has been chaired by Rosemary Hilary since September 2016. Rosemary is supported by the other independent Directors: David Morrison, Jane Tufnell and Tim Edwards. Tim Edwards was appointed on 21 March 2018 and so did not attend any Committee meetings in the year under review.

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

The Board is satisfied that by virtue of their previous experience gained in other organisations, the Committee members collectively have competence relevant to the sector in which the Group operates. The biographical details of the Committee members are set out on pages 44 and 45.

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

Committee meetings

The Committee met six times during the year ending 31 March 2018, 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. Following an invitation from the Committee Chair, the Chief Executive Officer is now a regular attendee and he attended five meetings during the year under review. The internal audit partner was present at all six meetings and the current external audit partner attended three meetings.

Two further meetings have been held since the year end. Committee member meeting attendance is detailed on page 47.

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

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

- reviewing the form, content and integrity of financial information prior to release, including the Annual and Interim Reports, and each of the Interim Management Statements;
- reviewing the adequacy and effectiveness of the Group's internal controls and risk management systems;
- considering the Risk Appetite statement, ICAAP and Pillar 3 disclosures prior to their recommendation for acceptance by the Board;
- receiving and reviewing internal audit reports and discussing their findings and management's responses;
- evaluating the performance of the internal auditor during the engagement period;
- reviewing the independence of the Group's external auditor and the nature of non-audit services supplied by the auditor;
- reviewing the external auditor's audit strategy and concluding report for the 2018 financial statements; and
- evaluating the performance of the external auditor over the period.

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

- regular reports by the Head of Compliance and Risk reviewing internal compliance and risk management activities and issues which also highlighted relevant UK and global regulatory developments which will or may impact the Group;
- review of a high level "Risk 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 audits, and the status of management's responses and actions to observations and recommendations made;

- review of departmental KPI and KRI data to ensure operational risks are identified and appropriately addressed by Management; and
- review of Risk Management Committee meeting minutes with a summary activity report by the Chief Operating Officer as Chair of the Risk Management Committee.

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

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

Key Committee activities

Cyber security

The Committee has continued to focus 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. Key reporting indicators on cyber security have been provided in the monthly Chief Executive's KPI pack allowing the Committee to monitor cyber security issues and the actions being taken by Management on an ongoing basis.

In October 2017 the Head of Systems provided a detailed insight into the current cyber security landscape, the threats faced by the Group and the approach being taken to defend its systems. The Committee continues to be vigilant about this risk.

The Committee was also briefed on the following cyber security initiatives being implemented and was supportive of these developments:

- facilitating home and mobile working;
- monitoring and protecting information assets;
- reviewing the content and frequency of existing end user training and the evaluation and implementation of alternative training methods for staff; and
- reviewing internal vulnerability management.

The Committee further agreed that an in-depth cyber security review should be undertaken by a specialist external provider. The scope for this review was agreed as follows:

- to assess Record's current cyber security capability to protect the Group against internal and external threats and prevent unauthorised access to sensitive information assets; and
- to provide an independent assessment of Record's current state maturity against Deloitte's Cyber Security Capability and Maturity Model.

The fieldwork was started in May 2018 and the final report will be presented to the Committee in July 2018.

MiFID II

In preparation for the implementation of MiFID II in January 2018, work started in 2016 with a gap analysis exercise and an action plan to address the issues identified was formulated by Management in early 2017.

Over the course of 2017 regular updates were provided to the Committee by the Chief Operating Officer and Head of Compliance and Risk who were the project leads on the MiFID II implementation project. The Committee monitored progress and discussed any issues arising.

The MiFID II project came to fruition on 3 January 2018 and, whilst Management is vigilant for aspects that may need further embedding, no material issues have arisen either at implementation or since.

GDPR

During 2017 the Head of Compliance and Risk provided regular updates on the work being undertaken by the Group to prepare for the introduction of the EU General Data Protection Regulation ("GDPR") which came into force in May 2018.

In early 2018 the Committee reviewed the Group's preparations for the introduction of GDPR, noting that a gap analysis had been completed, Department Heads were briefed on the actions required and monitoring had been put in place to ensure compliance by the implementation deadline.

As at the GDPR implementation date of 25 May 2018 the Group was compliant with the requirements of the legislation.

Compliance and risk

Under the standing agenda item of Compliance and Risk the Committee considered and confirmed they were content with the following:

- The compliance monitoring plan for 2018, noting that the plan was risk based, proportionate and appropriate for the nature and scale of the business.
- A Financial Crime Risk Assessment prepared by the Head of Compliance and Risk based on the FCA guidance "Financial Crime: a Guide for Firms" published in July 2016 and concluding that the Group continues to have proportionate and adequate procedures and controls concerning the specific risk posed by financial crime on its operations.
- A revised whistleblowing policy, updated to reflect the provisions of the Criminal Finances Act 2017.
- Conduct risk reviews, conducted by the Head of Compliance and Risk on a six-monthly basis and considered by the Executive Committee.

Financial reporting

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

During the interim report process Management reviewed the basis of preparation of the Group's consolidated accounts and implemented two changes, which had a material impact on the presentation of the primary statements. The first change related to the classification of the external investment in the Group's seed funds (formerly classified as non-controlling interest) and the second change to the presentation of other income. The changes do not impact the profit attributable to owners of the parent, earnings per share or equity attributable to owners of the parent, as previously reported.

The Committee considered these adjustments in detail, accepted they were appropriate and agreed they were content with the revised presentation and the restated numbers as set out in the Interim Report.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Key committee activities continued

Financial reporting continued

During the year, the Committee also considered the significant financial and regulatory reporting issues and judgements made in connection with the financial statements and the appropriateness of accounting policies. In particular the Committee considered Management reports providing an assessment of the internal controls environment and going concern. The Committee is satisfied that all judgements made by Management which affect financial reporting have been made in accordance with the Group's accounting policies.

The Committee further considered reports from the external auditor, in particular its report on the forementioned change in presentation of the accounts and the change in revenue recognition, and additionally the independent assessment of financial reporting and key controls, the audit opinion on the Annual Report and the independent report on the half-year results.

The Committee is satisfied that the financial reporting control framework, including the operation of a Group-wide general ledger, consolidation system and preventative and detective controls, operated effectively after considering reports from both management and from PricewaterhouseCoopers LLP ("PwC"), as external auditor.

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

The Committee was satisfied with the content of the Annual Report and confirmed there were no significant issues or concerns to be addressed. 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 and compared against a risk assessment prepared by the internal auditor to ensure that material risk areas are being appropriately identified and addressed by Management and that movements in risks and business impact are identified promptly so that appropriate action can be taken.

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

The Committee has reviewed and evaluated the system of internal controls and risk management operated within the Group, and is satisfied that the internal control environment is appropriate. Detailed information on the Group's risk management process is given in the Strategic report on 32 to 38.

Internal audit

The internal audit function undertakes a programme of reviews as approved by the Committee, reporting the results together with its advice and recommendations to the Committee. The function is provided by Deloitte LLP ("Deloitte") under an outsourcing contract which commenced in May 2010. The objectives and responsibilities of internal audit are set out in a charter first approved by the Committee in July 2012. An updated charter was reviewed and approved by the Committee in May 2018. Deloitte reports directly to the Committee and the relationship is subject to periodic review.

The Committee and the internal auditor have developed a planning process to ensure that the audit work performed focuses on significant risks. The plans include 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 including reporting to the Committee. This ensures that, whilst there is focus on areas deemed to be higher risk, broader coverage across the whole business is achieved over the full cycle. Each review is scoped at the start of the audit to ensure an appropriate focus reflecting business activities, the market environment and regulatory matters. The annual plans are periodically reviewed to ensure they are adapted as necessary to capture changes in the Group's risk profile.

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

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

Following an external audit tender process conducted in early 2017, detailed in the previous Annual Report, the Committee and Board's recommendation to appoint PwC was approved by shareholders at the 2017 AGM.

Following PwC's appointment the Committee agreed the external auditor's fees and reviewed and agreed the terms of the audit engagement letter.

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

The Committee has confirmed that no material items remained unadjusted in the financial statements.

Each year, following the annual audit, the Committee evaluates the performance of the external auditor. In May 2018 the Audit and Risk Committee members liaised with senior management within the Finance Team to review the audit process. There were no significant adverse findings from the 2018 evaluation and the Committee concluded that PwC had provided an external audit service which was appropriate for the Group given its size and structure.

External auditor independence

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

The Committee operates a policy covering the provision of non-audit services by the external auditor to ensure that the ongoing independence and objectivity of the external auditor is not compromised. The policy ensures adherence to the Financial Reporting Council's revised Ethical Standard issued on 17 June 2016, which implements new EU audit regulations restricting the supply of non-audit services to Public Interest Entities ("PIEs") by statutory auditors, and which applies to audits for financial years beginning on or after that date.

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

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

The policy is reviewed by the Committee on an annual basis. This review was conducted in May 2018 and it was agreed the policy remained appropriate and it was approved by the Committee accordingly.

Non-audit services undertaken by the external auditor

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

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

Details of the total fees paid to PwC are set out in note 4 to the accounts. Non-audit fees, excluding audit related assurance services required under regulation, were equivalent to 48% (2017: 46%) of audit fees and were therefore within the permitted cap of 70%. No fees were paid to the outgoing external auditor, Grant Thornton UK LLP, in respect of the year under review.

Assessment of external auditor independence

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

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

Committee evaluation

An internal review of Committee effectiveness was overseen by the Company Secretary in May 2018. 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;
- risk monitoring;
- the regulatory landscape; and
- succession planning.

Approved by the Committee and signed on its behalf by:

Rosemary Hilary
Chair of the Audit and Risk Committee

14 June 2018

REMUNERATION REPORT

Chairman's summary statement

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 has been my first full year as Chairman of the Remuneration Committee, during which we have implemented the Directors' remuneration policy approved by shareholders at the last AGM, which included certain changes (detailed in my statement in the 2017 Annual Report) to the policy it replaced. The Committee continues to review the policy for Directors, whilst also considering remuneration policies and structures for staff below Director level. The Company will next be required to put a Directors' remuneration policy to shareholders at the 2020 AGM, or earlier if changes to the policy should be required before then.

Remuneration philosophy

The alignment of the motivation of our colleagues with our incentive structure is paramount to the long term success of the company. Our remuneration policies are designed to act in the interests of all of our stakeholders and to continue to link reward with performance in a transparent and straightforward way. Remuneration is an important component of our succession planning and is an area on which the Committee is focused. Identifying, developing and appropriately compensating those who will be the successors to our existing senior management team is critical and the Committee is concerned to ensure that our remuneration structure and policies work at all levels.

Company performance and Directors' remuneration

The year to March 2018 has seen growth in our revenue, AUME and an increase in client numbers. As a result of investing in our people and resources to maintain innovation and service enhancement, our costs have risen, leading to a decline in profits during the period. Our Group Profit Share Scheme pool is 30% of operating profits, directly linking the Company's financial performance to the size of the variable remuneration pool, so the value delivered under the Group Profit Share Scheme fell by 6% in consequence.

A 3% Company-wide salary increase was implemented in April 2018. Our Chief Financial Officer was included in this year's award, due to his salary being below market levels but no salary increases were made for other Executive Directors within the financial year.

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

Share options were granted to each of the Directors in accordance with the Share Scheme rules. The Committee used its discretion in determining the number of options granted, considering the role and performance of each individual Director. The purpose of these awards is to align Directors' interests with those of our shareholders and to reward growth of the business over a period of years. We continue to see the award of share options, with appropriate performance conditions, as the best way to achieve this.

Implementation of Remuneration Policy changes

The changes that were approved to the Group Profit Share Scheme have been implemented this year. The legacy arrangement of a Group Profit Share Pool operating at 27% of operating profits distributed between all staff and a Matching Pool operating at 3% of operating profits distributed between staff electing to receive part of their Group Profit Share in the form of shares has been replaced by a single Group Profit Share Pool of 30% of operating profits distributed between all staff. These changes have been made to ensure that the Scheme is simple to understand for both employees and shareholders and provides an incentive structure suitable for all staff. No changes have been made to the structure of Group Profit Share Scheme payments for Directors.

Approved share options were granted to a range of senior and junior staff below Director level for both incentive and retention purposes using the flexibility that we have now included in the Share Scheme. This meant aligning performance conditions for our Approved and Unapproved options. We continue to use the full allocation each year of granting options over shares to the value of 2% of the market capitalisation of Record plc to Directors and staff, in accordance with our policy and consistent with our philosophy of aligning long-term business growth with equity ownership.

Regulation

We continue to review our remuneration structures in line with regulatory changes and good practice. This year we have updated the FCA policy statement and made changes to meet the remuneration requirements of MiFID II, as well as ensuring that our pension scheme meets the auto enrolment contribution levels.

Proposed amendments to the rules of the Record Group Profit Share Scheme and the Record Share Scheme

Having had shareholder approval for our remuneration policy last year, we do not intend to make any changes at this point. The policy permits Executive Directors to participate in the Group Profit Share Scheme (the "GPS") as was the case under the GPS which was in operation on the date the policy was approved by shareholders. No new awards could be made under the GPS after November 2017, as the rules included, in line with good practice, a rule limiting the life of the GPS to ten years. The new GPS was therefore adopted in November 2017 by the Company's remuneration committee (on identical terms to the previous GPS) in order that awards could be made to employees in April 2018. As Executive Directors cannot participate in the new GPS without shareholder approval, the policy is currently wider in this respect than the rules of the new GPS. These will be aligned if shareholder approval is forthcoming at the 2018 AGM to amend the new GPS to permit participation by Directors.

The new GPS contains a rule that no profit share units will be granted after the tenth anniversary of the later of the date on which the GPS was adopted by the Company (17 November 2017) or the date it was amended by the Company's shareholders (being the date of the 2018 AGM). The Record Share Scheme (the "Share Scheme") rules were adopted by the Company on 1 August 2008 and contain a similar rule imposing a ten year limit on the life of the scheme. The Committee proposes to change this rule such that it refers to the date that the scheme was amended by shareholders (being the date of the 2018 AGM), aligning the period during which the GPS and the Share Scheme will operate.

Directors' remuneration report

This year's report is split into two sections:

- the Directors' remuneration policy in full (for reference purposes); and
- the Annual report on remuneration.

The current Directors' remuneration policy was approved by shareholders at last year's AGM. The policy begins with an overview, followed by the Executive Director and Non-executive Director remuneration policy tables and an outline of the remuneration structures which are currently in place. The annual report on remuneration explains how the policy has been implemented this year.

Committee membership

The Remuneration Committee is comprised of the Non-executive Directors, namely Jane Tufnell, Rosemary Hilary, Tim Edwards and myself, acting as Chairman. Tim Edwards joined the Committee from March 2018, following his appointment as Non-executive Director.

Shareholder consultation

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

An advisory vote to approve the Remuneration Committee Chairman's summary statement and the Annual report on remuneration will be held at the 2018 AGM.

David Morrison
Remuneration Committee Chairman

14 June 2018

REMUNERATION REPORT CONTINUED

Directors' remuneration policy

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. Changes to our remuneration policy that were implemented last year were designed 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 applies to Executive Directors. 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 approves all payments to Executive Directors. Executive Directors are required to take one third of their payment in shares subject to lock up conditions of one to three years. In addition they are offered the opportunity for up to a further third of their Profit Share to be paid in shares. The remaining amount will be paid in cash. Clawback provisions are in place in the event of adverse restatement of accounts or material misconduct, at the discretion of the Remuneration Committee. Whilst the profit share pool is capped based on the profitability of the Group and range stated above, there is no individual maximum entitlement set within this limit. 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 million shares) per annum. Of this total, 1% (approximately 2 million shares) can be granted to Executive Directors and the other 1% can be granted to staff. Approved and Unapproved Options can be granted under the Share Scheme at various exercise 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 granted with an exercise price equal to the market value of the shares on the date of grant and are subject to a performance condition based on Record's cumulative annual EPS growth with vesting proportions directly related to this growth. Clawback provisions are in place for all options should there be any restatement of accounts or breach of contract, at the discretion of the Remuneration Committee. 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 2018), 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

Directors' remuneration policy 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 claw back	Further information
Salary/fees To pay a salary / fee that reflects the role, responsibilities, time, experience and knowledge of the individual, ensuring that the salary / fee paid is competitive with other employers in our industry.	Salaries and fees are reviewed annually. Any review will take into account market rates, business performance and individual contribution. Whilst there is no prescribed maximum salary / fee, increases are expected to 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 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 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.	None.

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 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.

Further to shareholder approval last year, the changes to the Group Profit Share Scheme have been implemented this year. Following shareholder approval last year, the changes that were approved to the Group Profit Share Scheme have been implemented this year. The legacy arrangement of a Group Profit Share Pool operating at 27% of operating profits distributed between all staff and a Matching Pool operating at 3% of operating profits distributed between staff electing to receive part of their Group Profit Share in the form of shares has been replaced by a single Group Profit Share Pool of 30% of operating profits distributed between all staff. 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, Code Staff and Senior Managers are offered the opportunity to elect for up to a further third of their Profit Share to be paid in shares, which has no lock up. The remaining amount will be paid in cash.

The Record plc Share Scheme

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. The Record plc Share Scheme (the "Share Scheme") has been designed to award share options to Directors and employees of Record. The Share Scheme allows the Committee 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").

It is 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 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.

Last year the Share Scheme for staff below Executive Director level was amended to introduce more flexibility to the Scheme rules when granting options. The Committee now has the flexibility to allow Unapproved Option grants to be granted with an exercise price equal to the market value of the shares on the date of grant, or at a discounted price or nil cost. Performance conditions of both Approved and Unapproved Option grants have also been aligned. These changes have given the Committee the flexibility to implement 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 granted with an exercise price equal to the market value of the shares on the date of grant.

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 granted with an exercise price equal to the market value of the shares on the date of grant 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, should they have been set, any other performance conditions being met. One quarter of any Unapproved Option becomes exercisable each year for four years, subject to the employee remaining in employment and, should they have been set, 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 65 and all awards were made in accordance with the Scheme rules. Management used the full allocation for granting options to staff below Board Director this year and made Approved awards in accordance with the Share 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 re-statement of financial accounts which would have led to a reduction in any prior Profit Share award.

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

Source and funding of shares

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

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

REMUNERATION REPORT CONTINUED

Directors' remuneration policy continued

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 2018). 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 changes proposed to Executive Directors' remuneration will be discussed in advance with major institutional shareholders.

Considering the views of employees

When determining Executive Director remuneration arrangements the Committee takes into account pay conditions throughout the Group to ensure that the structure and quantum of Executive Directors' pay remains appropriate in this context. The Committee seeks advice from the Head of Compliance and Risk prior to approving or amending the remuneration policy.

The Committee does not consider that it is appropriate to consult directly with colleagues when developing the Directors' remuneration policy. However, the Committee does actively seek feedback from 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 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.

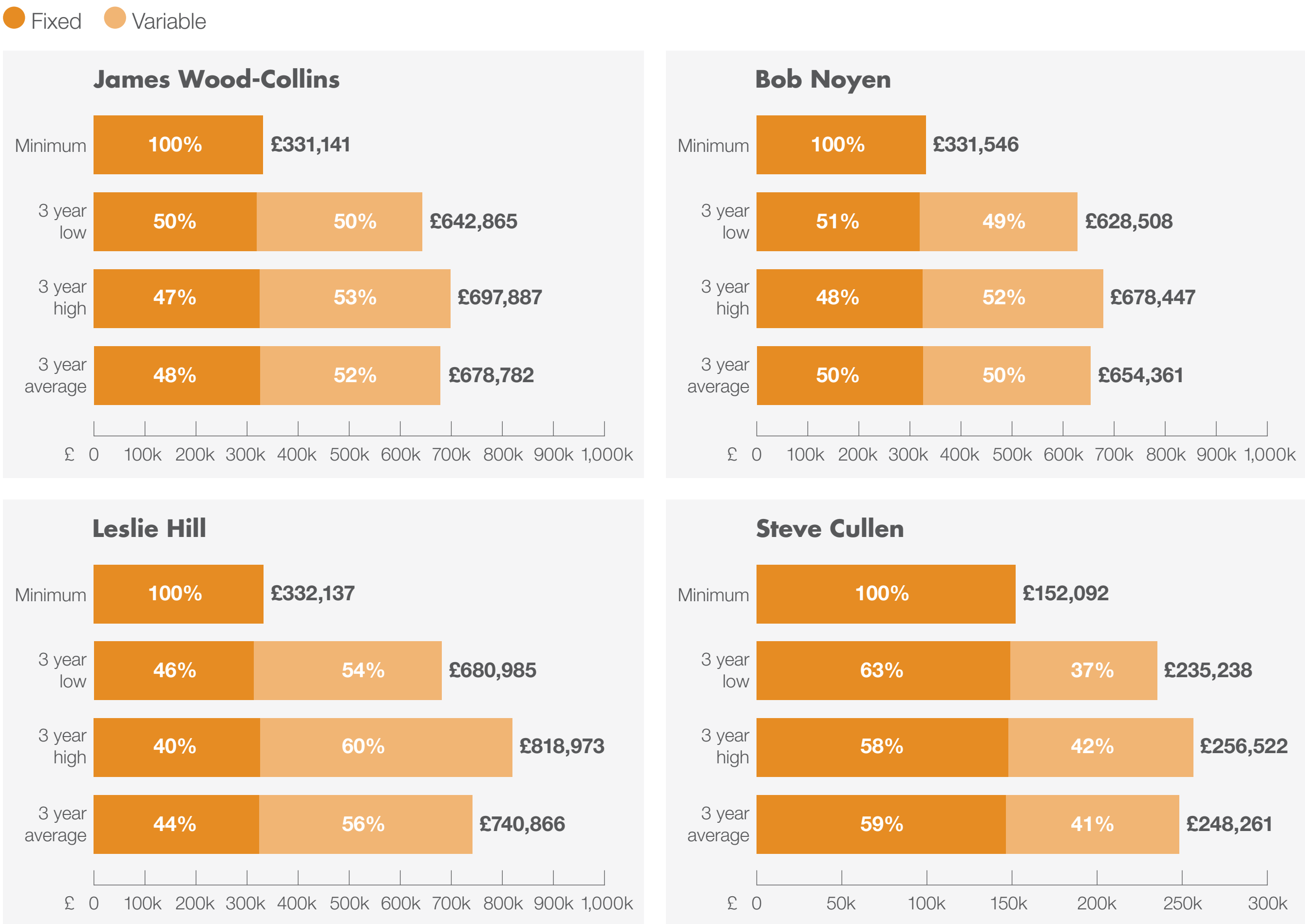
The treatment of payments for the Group Profit Share Scheme and the Share Scheme will be in accordance with the relevant scheme rules at the time the Director leaves.

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

Re-election	Contract date	Notice period	Expiry/review date
Neil Record	15 November 2007	Six months	Rolling
Steve Cullen	15 March 2013	Six months	Rolling
Bob Noyen	15 November 2007	Six months	Rolling

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.



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

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 2018 AGM. The information on pages 64 to 70 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 2018 is detailed below together with their remuneration for the previous year.

Year ended 31 March 2018	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	285,913	912	39,872	216,388	108,194	44,316	**695,595**
Leslie Hill	285,913	1,908	—	163,563	226,939	44,316	**722,639**
Bob Noyen	285,913	1,317	—	216,388	108,194	44,316	**656,128**
Steve Cullen	126,210	1,946	—	36,101	50,089	20,892	**235,238**
Non-executive Directors							
Neil Record	79,310	2,137	—	—	—	12,293	**93,740**
David Morrison	61,800	240	—	—	—	—	**62,040**
Jane Tufnell	42,230	—	—	—	—	—	**42,230**
Rosemary Hilary	48,410	—	—	—	—	—	**48,410**
Tim Edwards (appointed 21 March 2018)	7,038	—	—	—	—	—	**7,038**
Total	**1,222,737**	**8,460**	**39,872**	**632,440**	**493,416**	**166,133**	**2,563,058**

Year ended 31 March 2017	Salaries and fees £	Benefits[4] £	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**

1. This value includes matching shares on SIP scheme, medical benefits, payments made in lieu of medical benefits, overtime payments and reimbursement of taxable travel expenses.
2. There are no performance conditions attached to short-term incentives. The shares vest immediately but are subject to lock up restrictions and are calculated based on the overall profitability of the Group.
3. This includes payments made in lieu of pension contributions.
4. This value includes matching shares on SIP scheme, payments made in lieu of medical benefits and overtime payments.

Payments made to former Directors

Andrew Sykes, a former Non-executive Director, received £4,000 for consultancy services in the year ended 31 March 2018.

No payments were made to Andrew Sykes or Cees Schrauwers for loss of office.

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 2018, the Group made contributions of at least 15.5% of each Director's salary which could either be paid into the Group Personal Pension Scheme, taken as cash or a combination of the two.

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

The employer pension contributions for the financial years ending 31 March 2017 and 31 March 2018 are detailed in the table on page 64.

Directors' share options and share awards (audited information)

During the financial year ended 31 March 2018 option awards were made to all of the Executive Directors in accordance with the scheme rules.

All of the Executive Directors have previously been awarded share options and the table below sets out details of Executive Directors' outstanding share option awards, which may vest in future years subject to continued service and performance conditions, as well as any options that have lapsed or been exercised.

	Date of grant	Total options at 1 April 2017	Options granted in period	Options lapsed in period	Options exercised in period	**Total options at 31 March 2018**	Exercise price	Earliest exercise	Latest exercise
James	18/11/13	933,334	—	(233,334)	(233,333)	**466,667**	30.00p	18/11/17	17/11/19
Wood-Collins	27/11/14	630,000	—	(210,000)	—	**420,000**	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
	26/01/18	—	1,300,000	—	—	**1,300,000**	43.50p	26/01/21	25/01/24
Leslie Hill	27/11/14	630,000	—	(210,000)	—	**420,000**	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
	26/01/18	—	280,000	—	—	**280,000**	43.50p	26/01/21	25/01/24
Bob Noyen	27/11/14	630,000	—	(210,000)	—	**420,000**	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
	26/01/18	—	280,000	—	—	**280,000**	43.50p	26/01/21	25/01/24
Steve Cullen	27/11/14	270,000	—	(90,000)	—	**180,000**	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
	26/01/18	—	125,000	—	—	**125,000**	43.50p	26/01/21	25/01/24

The outstanding share options above vest subject to performance conditions which are detailed on page 66.

The value of shares over which the award of options was made in the year to James Wood-Collins was £565,500, to Leslie Hill and Bob Noyen was £121,800 and to Steve Cullen was £54,375 all based on the exercise prices of £0.4350 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

Annual report on remuneration continued

Directors' share options and share awards (audited information) 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 growth + 13%	75%
>RPI growth + 7%, =<RPI growth + 10%	50%
>RPI growth + 4%, =<RPI growth + 7%	25%
=<RPI growth + 4%	0%

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

Share option awards made to James Wood-Collins on 18 November 2013 vest in three equal tranches and the second of these vesting dates was 18 November 2017. 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 made to James Wood-Collins, Leslie Hill, Bob Noyen and Steve Cullen on 27 November 2014 vest in three equal tranches and the first of these vesting dates was 27 November 2017. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 210,000 shares for James Wood-Collins, Leslie Hill and Bob Noyen and 90,000 shares for Steve Cullen.

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 2017	Restricted awards during year	Restrictions released during year	**Interest in restricted shares at 31 March 2018**
James Wood-Collins	573,568	131,521	(329,681)	**375,408**
Leslie Hill	759,618	427,167	(178,267)	**1,008,518**
Bob Noyen	374,641	131,521	(181,548)	**324,614**
Steve Cullen	380,429	94,994	(114,347)	**361,076**

Directors' share interests (audited information)

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

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

2017	Shares held without restrictions	GPS shares subject to restrictions[2]	Total shares held	Share options (not vested)	Total share interests
Executive Directors					
James Wood-Collins	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**

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

REMUNERATION REPORT CONTINUED

Annual report on remuneration continued

Salary review for the Board

A 3% Company-wide salary increase was carried out in April 2018. The Remuneration Committee reviewed Board members' salaries as part of the Company-wide review and made a 3% salary increase to Steve Cullen. No changes were made to other Executive Directors' salaries during the year.

The Non-executive Directors received the 3% salary increase.

The table below confirms the current salaries for Executive Directors:

	Salary from 1 April 2017 £	**Salary at 1 April 2018 (current salary) £**	Increase £
Executive Directors			
James Wood-Collins	285,913	**285,913**	–
Leslie Hill	285,913	**285,913**	–
Bob Noyen	285,913	**285,913**	–
Steve Cullen	126,210	**129,997**	3%
Non-executive Directors and Chairman			
Neil Record	79,310	**79,310**	–
David Morrison (Senior Independent Director)	61,800	**63,654**	3%
Rosemary Hilary	48,410	**49,862**	3%
Jane Tufnell	42,230	**43,497**	3%
Tim Edwards (appointed 21 March 2018)	42,230	**43,497**	3%

Total remuneration of Chief Executive Officer (audited information)

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

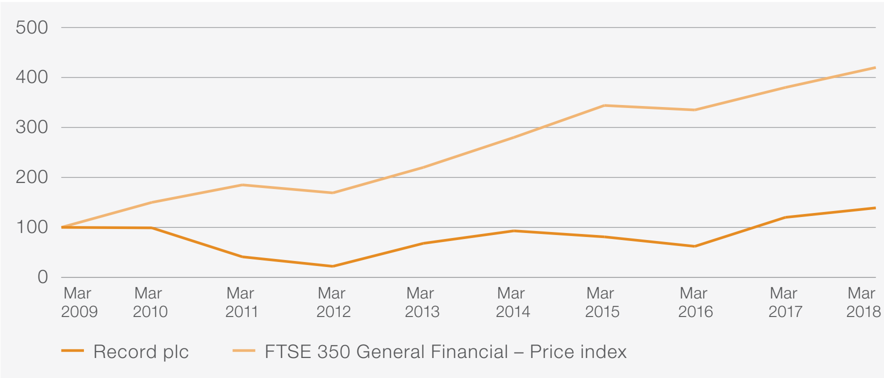
	Year ending 31 March				
	2014 £	2015 £	2016 £	2017 £	**2018 £**
James Wood-Collins	678,604	641,623	642,865	697,887	**695,595**

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

The following table shows the percentage change in the base salary, benefits and annual bonus of the Chief Executive Officer between the year ended 31 March 2018 and the previous financial year compared to the average for all employees of the Group.

% change in:	Chief Executive	Average for all employees
Base salary	0%	3%
Benefits	No change	No change
Total annual profit share	-8%	10%

Total Shareholder Return performance graph

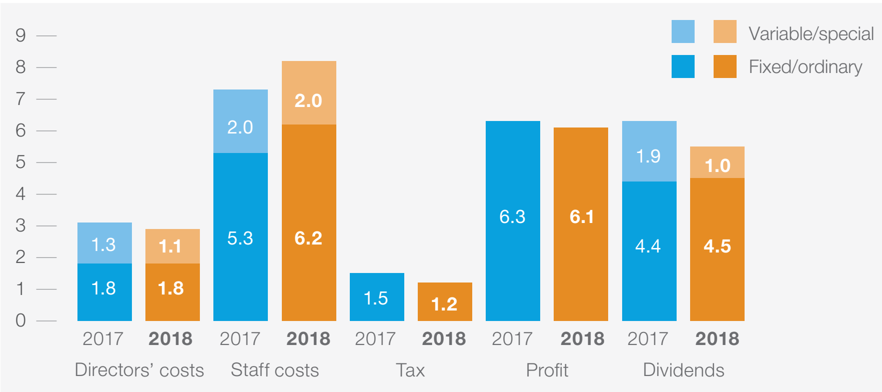


The graph shows the Group's Total Shareholder Return compared with the FTSE 350 – General Financial Index, and shows the change in the theoretical value of £100 invested in Record plc on 31 March 2009 compared to £100 invested in the FTSE 350 – General Financial Index. The FTSE 350 – General Financial Index has been chosen because the index is a widely accepted performance comparison for UK small quoted financial services companies.

The market price of the Company's shares as at 31 March 2018 was 50.00p. The highest closing share price during the financial year was 52.50p. The lowest closing share price during the financial year was 40.25p.

Relative importance of the spend on pay (£m)

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



Dividends are represented in the chart above as follows:

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

2017: interim dividend paid in December 2016 of 0.825 pence per share, final dividend of 1.175 pence per share and special dividend of 0.91 pence per share.

REMUNERATION REPORT CONTINUED

Annual report on remuneration continued

Meetings and attendance

The Remuneration Committee is chaired by David Morrison, who is supported by two independent Non-executive Directors, Jane Tufnell and Rosemary Hilary. Tim Edwards joined the Committee upon his appointment in March 2018.

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

	Maximum possible attendance	Meetings attended
David Morrison	9	7
Jane Tufnell	9	9
Rosemary Hilary	9	9
Tim Edwards	0	0

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

External advisers

The Group participated in a survey conducted by McLagan and received information regarding market rates of pay for staff. McLagan did not provide any direct advice to the Remuneration Committee. The Group paid fees of £14,460 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 27 July 2017, the resolution seeking approval of the remuneration report was passed with the following votes received:

	Total number of votes	% of votes cast
For	136,637,360	100%
Against	6,300	0%
Total votes cast	136,643,660	100%
Votes withheld	3,000	0%

Committee evaluation

An internal review of Committee effectiveness was overseen by the Chairman of the Committee in May 2018, 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

14 June 2018

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 41;
- Board of Directors on pages 44 and 45;
- Corporate governance report on pages 46 to 49;
- Nomination Committee report on pages 50 and 51;
- Audit and Risk Committee report on pages 52 to 55;
- Remuneration report on pages 56 to 70; and
- Directors' statement of responsibilities on page 73.

Disclosures required under Listing Rule 9.8.4

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

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

Share capital

The Company has a single class of share capital consisting of ordinary shares of 0.025p each. Each ordinary share is equally eligible to receive dividends and the repayment of capital and represents one vote at a shareholders' meeting. The ordinary shares have a premium listing on the London Stock Exchange. Details of structure and changes in share capital are set out in note 19 to the financial statements.

At its Annual General Meeting in 2017, 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.

On 21 June 2017, Record announced a Tender Offer to return up to approximately £10 million to shareholders, subject to approval at a General Meeting. The General Meeting took place on 14 July 2017, at which the special resolution to approve the Tender Offer was passed. As a result 22,326,475 ordinary shares, representing slightly less than 10.09% of the then-outstanding share capital, were purchased by the Company and cancelled.

As at 31 March 2018 the issued share capital of the Company was 199,054,325 (2017: 221,380,800).

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 2018:

	Number of ordinary 0.025p shares held	Percentage interest
Neil Record	62,396,541	31.35%
Schroders plc	24,098,570	12.11%
Leslie Hill	15,037,664	7.55%
Bob Noyen	9,040,753	4.54%

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

During the period from 16 June 2017 to 14 June 2018 the Company received four notifications in accordance with DTR 5 disclosing changes to voting interests in its ordinary share capital as follows: Schroders plc on 21 June 2017 reporting a shareholding reducing from 15.82% to 13.83%, Neil Record on 18 July 2017 reporting a shareholding reducing from 32.06% to 31.35%, Schroders plc on 20 July 2017 reporting a shareholding increasing from 13.38% to 15.38%, Schroders plc on 27 July 2017 reporting a shareholding reducing from 15.38% to 12.36%.

Controlling shareholder

Under the UKLA listing rules Neil Record is deemed to be a controlling shareholder, as he exercises control over more than 30% of the voting rights in the Company. With effect from 16 May 2014 premium-listed companies were required, under LR 9.2.2 to establish a legally binding relationship agreement to govern interactions between the Company and a controlling shareholder.

The Company already had a relationship agreement in place with Neil Record dated 28 November 2007. An amendment to this agreement was approved by the Board and signed by Neil Record on 2 October 2014 in order to ensure full compliance with the new Listing Rules.

In accordance with the Listing Rule 9.8.4(14), the Board confirms that throughout the period under review:

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

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

Restrictions on transfers of shares

Under the terms of the Record plc Group Profit Share Scheme rules, certain senior employees and Directors of the Company are required to receive a proportion of any award in shares, and may elect to receive a further proportion of their profit share in the form of a share award and receive a final proportion in cash. All ordinary shares which are the subject of these share awards are transferred immediately to a nominee. These shares are not subject to any vesting conditions but are subject to "lock-up" arrangements and clawback provisions. The individual is entitled to full rights in respect of these shares. No such shares can be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee unless specified anniversary dates have been reached. Further details are disclosed in note 20 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.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 78.

The Company paid an interim ordinary dividend of 1.15 pence per share on 22 December 2017 to shareholders on the register on 1 December 2017.

DIRECTORS' REPORT CONTINUED

Results and dividends continued

The Directors recommend a final ordinary dividend of 1.15 pence per ordinary share for the year ended 31 March 2018, making a total ordinary dividend of 2.30 pence per share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 1 August 2018 to shareholders on the register at the close of business on 29 June 2018. The shares will be quoted ex-dividend from 28 June 2018.

The Board has declared a special dividend of 0.50 pence per share to be paid simultaneously with the final ordinary dividend on 1 August 2018. This equates to a "total distribution" of 2.80 pence per share, equivalent to 92% of the earnings of 3.03 pence per share for the year.

Shareholder waiver of dividends

The Record Employee Benefit Trust has waived its rights to dividends paid on the ordinary shares held in respect of the Group Share Scheme and the Group Profit Share Scheme. The trust held 2,393,432 shares as at 31 March 2018 (2017: 3,618,995 shares).

Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk (managed using financial instruments) and interest rate risk. The Group seeks to minimise potential adverse effects on its financial performance. Further information is contained in note 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 considerable financial resources and performs regular financial forecasts and cash flow projections, which are subject to rigorous sensitivity analysis. The Group holds no debt.

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

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than the twelve months required by the Going Concern provision. Details of the assessment can be found in the Financial Review section of the Strategic Report on page 31.

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 39 to 41.

Directors

The Directors of the Company who held office at the year end and to date are listed on pages 44 and 45. Directors' remuneration and Directors' interests in Record plc shares are disclosed in the Remuneration report. All the Directors of the Company are also Directors of the Group's FCA regulated entity Record Currency Management Limited.

Directors' indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses, liabilities or expenses incurred by them in relation to the Company or any of its subsidiaries. The Group has appropriate Directors' and Officers' insurance in place.

Directors' conflicts of interest

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

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

Change of control

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

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

2018 Annual General Meeting

The 2018 Annual General Meeting of the Company will be held at 10.00 a.m. on 26 July 2018 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.

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 2018 Annual General Meeting.

By order of the Board:

Joanne Manning
Company Secretary

14 June 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

- the company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the company;
- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- the Strategic report, Business review and Governance section includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

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

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

Signed on behalf of the Board by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

14 June 2018

Financial statements

INDEPENDENT AUDITOR'S REPORT

to the members of Record plc

Report on the audit of the financial statements

Opinion

In our opinion, Record plc's Group financial statements and Record plc's Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2018 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and Company statements of financial position as at 31 March 2018; the consolidated statement of comprehensive income, the consolidated and Company statements of cash flows, and the consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

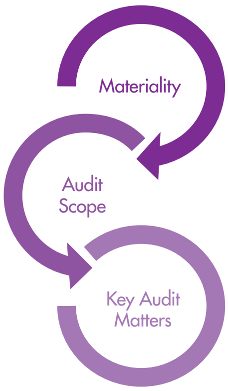
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities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

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

Other than those disclosed in note 4 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 April 2017 to 31 March 2018.

Our audit approach

Overview



Materiality

- Overall Group materiality: £366,000, based on 5% of profit before tax.
- Overall Company materiality: £52,800, based on 1% of total assets.

Audit Scope

- We audited the complete financial information for three legal entities, due to their size and/or risk characteristics.
- Taken together, the territories and functions in the scope of audit work accounted for 100% of the Group's revenues, 83% of the Group's profit before tax and exceptional items and 77% of the Group's total assets.

Key Audit Matters

- Risk of fraud or error in revenue recognition.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, and UK tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators, review of correspondence with legal advisors, enquiries of management and review of internal audit reports in so far as they related to the financial statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Risk of fraud or error in revenue recognition Refer to page 55 (Audit and Risk Committee Report) and note 3 – Revenue Revenue, which comprises management fees and other income, is the result of business activities as a currency manager. The amount of revenue recognised is manually calculated. There are a number of inherent risks in calculating certain types of revenue, including the interpretation and manual input of key contractual terms and the identification and valuation of applicable Assets Under Management Equivalent (AUME), which could result in fraud or errors.	We understood the significant revenue streams and identified where there was a higher risk of fraud or error, due to manual processes. We tested the operating effectiveness of key controls in place across the Group relevant to those revenue calculations, including the identification and valuation of AUME and set up and maintenance of contractual terms. On a sample basis, we agreed the basis of the manual calculation to the contractual terms and agreed key inputs into the manual calculations back to contracts or the Group's underlying system for AUME, and re-performed calculations. We agreed the sampled calculations to invoice and subsequent cash receipt. Our testing did not identify any evidence of material misstatement.

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

How we tailored the audit scope

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

The Group operates within the UK, Switzerland and North America. The finance function is centralised in the UK.

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

Taken together the entities in scope for the Group audit accounted for 100% of the Group's revenues, 83% of the Group's profit before tax and exceptional items and 77% of the Group's total assets.

Materiality

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

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

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

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £52,800 and £329,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Record plc

The scope of our audit continued

Going concern

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

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

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

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

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

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

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

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

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

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

- The directors' confirmation on page 31 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 31 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Other Code Provisions

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

- The statement given by the directors, on page 73, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 52 to 55 describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 73, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 27 July 2017 to audit the financial statements for the year ended 31 March 2018 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

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

14 June 2018

Financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March

	Note	2018 £'000	Restated 2017 £'000
Revenue	3	**23,834**	22,952
Cost of sales		**(311)**	(298)
Gross profit		**23,523**	22,654
Administrative expenses		**(16,424)**	(15,067)
Other income or expense		**173**	157
Operating profit	4	**7,272**	7,744
Finance income		**66**	112
Finance expense		**(10)**	–
Profit before tax		**7,328**	7,856
Taxation	6	**(1,182)**	(1,540)
Profit after tax and total comprehensive income for the year		**6,146**	6,316
Earnings per share for profit attributable to the equity holders of the Group during the year			
Basic earnings per share	7	**3.03p**	2.91p
Diluted earnings per share	7	**2.98p**	2.90p

The notes on pages 85 to 115 are an integral part of these consolidated financial statements.

The comparative period has been restated. A reconciliation of the previously published statement of comprehensive income to the restated statement is provided in note 29.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	2018 £'000	Restated 2017 £'000
Non-current assets			
Property, plant and equipment	10	**910**	881
Intangible assets	11	**228**	245
Investments	12	**1,115**	—
Deferred tax assets	13	**86**	102
Total non-current assets		**2,339**	1,228
Current assets			
Trade and other receivables	14	**6,775**	6,972
Derivative financial assets	15	**266**	53
Money market instruments with maturities > 3 months	16	**10,198**	18,102
Cash and cash equivalents	16	**12,498**	19,120
Total current assets		**29,737**	44,247
Total assets		**32,076**	45,475
Current liabilities			
Trade and other payables	17	**(2,630)**	(3,013)
Corporation tax liabilities	17	**(399)**	(804)
Financial liabilities	18	**(2,467)**	(4,779)
Derivative financial liabilities	15	**(29)**	(48)
Total current liabilities		**(5,525)**	(8,644)
Total net assets		**26,551**	36,831
Equity			
Issued share capital	19	**50**	55
Share premium account		**2,237**	1,971
Capital redemption reserve		**26**	20
Retained earnings		**24,238**	34,785
Total equity		**26,551**	36,831

Approved by the Board on 14 June 2018 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

The notes on pages 85 to 115 are an integral part of these consolidated financial statements.

The comparative period has been restated. A reconciliation of the previously published statement of financial position to the restated statement is provided in note 29.

Financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

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

Year ended 31 March 2017 (restated)

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2016	55	1,899	20	31,715	33,689
Profit and total comprehensive income for the year	—	—	—	6,316	6,316
Dividends paid	—	—	—	(3,592)	(3,592)
Own shares acquired by EBT	—	—	—	(775)	(775)
Release of shares held by EBT	—	72	—	992	1,064
Share-based payment reserve movement	—	—	—	129	129
Transactions with shareholders	—	72	—	(3,246)	(3,174)
As at 31 March 2017	55	1,971	20	34,785	36,831

The notes on pages 85 to 115 are an integral part of these consolidated financial statements.

The comparative period has been restated. A reconciliation of the previously published statement of changes in equity to the restated statement is provided in note 29.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March

	Note	2018 £'000	Restated 2017 £'000
Net cash inflow from operating activities	24	**2,746**	7,107
Cash flow from investing activities			
Purchase of intangible software		**(82)**	(189)
Purchase of property, plant and equipment		**(236)**	(899)
Sale/(purchase) of money market instruments with maturity > 3 months		**7,904**	(5,082)
Interest received		**77**	112
Net cash inflow/(outflow) from investing activities		**7,663**	(6,058)
Cash flow from financing activities			
Exercise of share options		**–**	28
Purchase of own shares		**(10,367)**	(221)
Dividends paid to equity shareholders	8	**(6,810)**	(3,592)
Cash outflow from financing activities		**(17,177)**	(3,785)
Net decrease in cash and cash equivalents in the year		**(6,768)**	(2,736)
Effect of exchange rate changes		**146**	136
Cash and cash equivalents at the beginning of the year		**19,120**	21,720
Cash and cash equivalents at the end of the year		**12,498**	19,120
Closing cash and cash equivalents consist of:			
Cash		**4,411**	7,457
Cash equivalents		**8,087**	11,663
Cash and cash equivalents	16	**12,498**	19,120

The notes on pages 85 to 115 are an integral part of these consolidated financial statements.

The comparative period has been restated. A reconciliation of the previously published statement of cash flows to the restated statement is provided in note 29.

Financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 March

	Note	2018 £'000	2017 £'000
Non-current assets			
Investments	12	**5,288**	4,197
Total non-current assets		**5,288**	4,197
Current assets			
Cash and cash equivalents	16	**2**	2
Total current assets		**2**	2
Total assets		**5,290**	4,199
Current liabilities			
Trade and other payables	17	**(1,093)**	(11)
Corporation tax liabilities	17	**–**	(67)
Total current liabilities		**(1,093)**	(78)
Total net assets		**4,197**	4,121
Equity			
Issued share capital	19	**50**	55
Share premium account		**1,809**	1,809
Capital redemption reserve		**26**	20
Retained earnings		**2,312**	2,237
Total equity		**4,197**	4,121

The Company's total comprehensive income for the year (which is principally derived from intra-group dividends) was £16,688,038 (2017: £3,855,425).

Approved by the Board on 14 June 2018 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

The notes on pages 85 to 115 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

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

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

The notes on pages 85 to 115 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CASH FLOWS

Year ended 31 March

	Note	2018 £'000	2017 £'000
Net cash inflow from operating activities	24	**1,015**	—
Cash flow from investing activities			
Dividends received		**16,810**	3,592
Investment in subsidiaries		**(16)**	—
Investment in seed funds		**(1,000)**	—
Interest received		**1**	—
Net cash inflow from investing activities		**15,795**	3,592
Cash flow from financing activities			
Purchase of own shares	19	**(10,000)**	—
Dividends paid to equity shareholders	8	**(6,810)**	(3,592)
Cash outflow from financing activities		**(16,810)**	(3,592)
Net increase in cash and cash equivalents in the year		**—**	—
Cash and cash equivalents at the beginning of the year		**2**	2
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 85 to 115 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

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

1. Accounting policies

In order to provide more clarity to the notes to the financial statements, accounting policy descriptions appear at the beginning of the note to which they relate, and are shown in 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 2018. The financial statements have been prepared on a historical cost basis, modified to include fair valuation of derivative financial instruments.

The Directors are satisfied that the Company and the Group have adequate resources with which to continue to operate for the foreseeable future. Please refer to the Directors' report on page 72 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.

Restatement of prior year financial statements

Management has reviewed the basis of preparation of the Group's consolidated financial statements, and has implemented two changes, which have a material impact on the presentation of the primary statements. The first change relates to the classification of the external investment in the seed funds (formerly classified as non-controlling interest) and the second change to the presentation of other income.

Although the changes give rise to material changes on the face of the statement of comprehensive income, the statement of financial position and the statement of changes in equity, there is no change to profit attributable to owners of the parent, earnings per share or equity attributable to owners of the parent.

A reconciliation of the primary financial statements for the previously published comparative period (year ended 31 March 2017) to the restated primary statements is provided in note 29, together with a reconciliation of the primary financial statements for the year ended 31 March 2018 prepared under the historic basis of interpretation to the primary financial statements under the new basis of interpretation.

Impact of new accounting standards

There have been no new or amended standards adopted in the financial year beginning 1 April 2017 which have had a material impact on the Group or Company.

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

IFRS 9 – Financial Instruments

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. IFRS 9 replaces the classification and measurement models for financial instruments in IAS 39 (Financial Instruments: recognition and measurement) with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income.

Under IFRS 9, the Group's business model and the contractual cash flows arising from its investments in financial instruments will determine the appropriate classification. The Group has assessed its balance sheet assets in accordance with the new classification requirements, and does not anticipate any changes in the classification and measurement for any of the Group's financial assets or liabilities.

In addition, IFRS 9 introduces an expected loss model for the assessment of impairment of financial assets. The current (incurred loss) model under IAS 39 requires the Group to recognise impairment losses when there is objective evidence that an asset is impaired. Under the expected loss model, impairment losses are recorded if there is an expectation of credit losses, even in the absence of a default event. This model is not applicable for investments held at fair value through profit or loss. Therefore the assets on the Group's balance sheet to which the expected loss model applies are receivables (note 14), which do not have a history of credit risk or expected future recoverability issues. Therefore, no change to the carrying values of the Group's assets is expected as a result of adoption of the new standard.

The new hedging requirements under IFRS 9, which are optional to adopt, provide increased flexibility in relation to hedge effectiveness in order to better align hedge accounting with a company's risk management policies. The Group has not applied hedge accounting in the past, and does not anticipate applying the IFRS 9 hedge accounting requirements in the future.

The Group does not anticipate that IFRS 9 will have a material impact on its reported results but notes that IFRS 9 also requires increased disclosures in relation to the Group's risk management strategy.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2018

1. Accounting policies continued

(a) Accounting convention continued

Impact of new accounting standards continued

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, replacing IAS 18 "Revenue" and related interpretations. IFRS 15 establishes a single, principles-based revenue recognition model to be applied to all contracts with customers. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. IFRS 15 introduces a five-step approach to revenue recognition:

(1) identify the contract with the customer;

(2) identify the performance obligations in the contract;

(3) determine the transaction price;

(4) allocate the transaction price to the performance obligations in the contract; and

(5) recognise revenue when or as the entity satisfies a performance obligation.

IFRS 15 is more prescriptive in terms of its recognition criteria, with certain specific requirements in respect of variable fee income such that it is only recognised where the amount of revenue would not be subject to significant future reversals. New disclosure requirements are also introduced.

The Group has assessed how these changes impact the timing of management and performance fee recognition in the context of its existing investment management agreements. Management fee revenues are recorded on a monthly basis as the underlying currency management service occurs, there are no performance or other obligations (excluding standard duty of care requirements). Performance fee revenues are not considered to be highly probable until the end of a contractual performance period and therefore are not recognised until they crystallise, at which time they are payable by the client and cannot be clawed-back. There are no other performance obligations or services provided which suggest these have been earned either before or after crystallisation date.

As a result of this assessment the Group has not identified any material changes to current revenue recognition principles.

The Group does not anticipate that IFRS 15 will have a material impact on its reported results.

IFRS 16 – Leases

IFRS 16 is effective for annual periods beginning on or after 1 January 2019 and replaces IAS 17 "Leases" and related interpretations. This introduces a comprehensive model for the identification of lease arrangements and accounting treatment for both lessors and lessees, which distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. There is substantially no change to the accounting requirements for lessors. IFRS 16 requires operating leases, where the Group is the lessee, to be included on the Group's balance sheet, recognising a right-of-use ("ROU") asset and a related lease liability representing the present value obligation to make lease payments. Certain optional exemptions are available under IFRS 16 for short-term (less than twelve months) and low-value leases. The ROU asset will be assessed for impairment annually (incorporating any onerous lease assessments) and depreciated on a straight-line basis, adjusted for any remeasurements of the lease liability. The lease liability will subsequently be adjusted for lease payments and interest, as well as the impact of any lease modifications. IFRS 16 also requires extensive disclosures detailing the impact of leases on the Group's financial position and results.

The adoption of IFRS 16 will result in a significant gross-up of the Group's reported assets and liabilities on the balance sheet. The operating lease expense which is currently recognised within operating lease rentals in the Group's income statement (note 4) will no longer be incurred and instead depreciation expense (of the ROU asset) and interest expense (unwind of the discounted lease liability) will be recognised. This will also result in a different total annual expense profile under the new standard (with the expense being front-loaded in the earlier years of the lease term as the discount unwind on the lease liability reduces over time).

The Group has considered the available transition options, and has provisionally decided to apply modified retrospective option 1 and currently estimates that the impact will be a gross-up of up to £1.6 million for ROU lease assets and £1.8 million in relation to lease liabilities, with £0.2 million deducted from brought-forward reserves on transition date in 2019. The initial reserves impact will be offset over time by a lower annual Group income statement charge, as the total charge over the life of each lease is the same as under the current IAS 17 requirements.

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

(b) Basis of consolidation

The consolidated financial information contained within the financial statements incorporates financial statements of the Company and its subsidiaries drawn up to 31 March 2018. Subsidiaries are entities controlled by the Company and are included from the date that control commences until the date that control ceases. Control is achieved where the Company is exposed to or has rights over variable returns from its involvement with the entity and it has the power to affect returns.

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

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

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

The financial statements of subsidiary undertakings, which are prepared using uniform accounting policies, are coterminous with those of the Company apart from those of the seeded funds which have accounting reference dates of 30 September. The consolidated financial statements incorporate the financial performance of the seeded funds in the year ended 31 March 2018 and the financial position of the seeded funds as at 31 March 2018.

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 £16,688,038 attributable to the Company (2017: £3,855,425).

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 describes the basis which the Group uses to determine whether it controls seed funds, further detail on the consolidation of seed funds is provided in note 12. Note 20 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2018

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 currency services income includes fees from signal hedging and fiduciary execution.

Revenue by product type	2018 £'000	Restated 2017 £'000
Management fees		
Dynamic Hedging	**5,111**	5,542
Passive Hedging	**12,569**	12,130
Currency for Return	**1,803**	1,025
Multi-Product	**4,014**	4,021
Total management fee income	**23,497**	22,718
Performance fee income	**—**	—
Other currency services income	**337**	234
Total revenue	**23,834**	22,952

(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	2018 £'000	Restated 2017 £'000
Management and performance fee income		
UK	**2,834**	3,863
US	**6,478**	4,979
Switzerland	**10,404**	11,576
Other	**3,781**	2,300
Total management and performance fee income	**23,497**	22,718
Other currency services income	**337**	234
Total revenue	**23,834**	22,952

Other currency services 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 2018, three clients individually accounted for more than 10% of the Group's revenue. The three largest clients generated revenues of £4.0 million, £3.4 million and £2.9 million in the year (2017: four largest clients generated revenues of £3.7 million, £3.4 million, £2.9 million and £2.5 million in the year).

4. Operating profit

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

	2018 £'000	2017 £'000
Staff costs	**11,062**	10,434
Depreciation of property, plant and equipment	**206**	99
Amortisation of intangibles	**99**	243
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	**39**	40
Fees payable to the Group's auditor and its associates for other services:		
Corporation tax services	**—**	—
Audit-related assurance services	**26**	24
Other non-audit services	**55**	44
Operating lease rentals: land and buildings	**596**	502
(Gain)/loss on forward FX contracts held to hedge cash flow	**(424)**	506
Gain on derivative financial instruments held by seed funds	**(53)**	(612)
Exchange loss/(gain) on revaluation of external holding in seed funds	**406**	(420)
Other exchange losses/(gains)	**265**	(450)

5. Staff costs

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

	2018	2017
Corporate	**8**	9
Client relationships	**15**	14
Investment research	**15**	12
Operations	**26**	22
Risk management	**5**	5
Support	**12**	11
Annual average	**81**	73

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

	2018 £'000	2017 £'000
Wages and salaries	**8,280**	7,499
Social security costs	**1,184**	1,059
Pension costs	**432**	376
Other employment benefit costs	**1,166**	1,500
Aggregate staff costs	**11,062**	10,434

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

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For the year ended 31 March 2018

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:

	2018 £'000	Restated 2017 £'000
Profit before taxation	**7,328**	7,856
Taxation at the standard rate of tax in the UK of 19% (2017: 20%)	**1,392**	1,571
Tax effects of:		
Other disallowable expenses and non-taxable income	**51**	18
Capital allowances for the year higher than depreciation	**(20)**	(14)
Higher tax rates on subsidiary undertakings	**5**	11
Adjustments recognised in current year in relation to the current tax of prior years	**(10)**	—
Adjustments recognised in current year in relation to Research and Development claims for the years ended 31 March 2016 and 31 March 2017	**(240)**	—
Other temporary differences	**4**	(46)
Total tax expense	**1,182**	1,540
The tax expense comprises:		
Current tax expense	**1,166**	1,599
Deferred tax expense/(income)	**16**	(59)
Total tax expense	**1,182**	1,540

The standard rate of UK corporation tax for the year is 19% (2017: 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 2018 was £1,182,498 (2017: £1,539,580) which was 16% of profit before tax (2017: 20%).

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.

	2018	2017
Weighted average number of shares used in calculation of basic earnings per share	**202,613,441**	217,401,660
Effect of potential dilutive ordinary shares – share options	**3,855,924**	591,036
Weighted average number of shares used in calculation of diluted earnings per share	**206,469,365**	217,992,696

	pence	pence
Basic earnings per share	**3.03**	2.91
Diluted earnings per share	**2.98**	2.90

The potential dilutive shares relate to the share options granted in respect of the Group's Share Scheme (see note 20). There were share options in place at the beginning of the year over 13,656,564 shares. During the year 1,760,583 share options were exercised, and a further 1,527,834 share options lapsed or were forfeited. The Group granted 3,975,000 share options with a potentially dilutive effect during the year. Of the 14,343,147 share options in place at the end of the period, all 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 2018 totalled £6,810,361 (3.235 pence per share) which comprised a final dividend in respect of the year ended 31 March 2017 of £2,564,080 (1.175 pence per share), a special dividend in respect of the year ended 31 March 2017 of £1,985,798 (0.91 pence per share) and an interim dividend for the year ended 31 March 2018 of £2,260,483 (1.15 pence per share).

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).

For the year ended 31 March 2018, a final ordinary dividend of 1.15 pence per share has been proposed and a special dividend of 0.50 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 £432,180 (2017: £375,845).

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For the year ended 31 March 2018

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:

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

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

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:

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

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

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 £179,664 (2017: £174,941). All amortisation charges are included within administrative expenses.

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For the year ended 31 March 2018

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.

	2018 £'000	2017 £'000
Investment in subsidiaries (at cost)		
Record Currency Management Limited	**10**	10
Record Group Services Limited	**10**	10
Record Portfolio Management Limited	**10**	10
Record Currency Management (US) Inc.	**–**	–
Record Currency Management (Switzerland) GmbH	**16**	–
Record Fund Management Limited	**–**	–
N P Record Trustees Limited	**–**	–
Total investment in subsidiaries (at cost)	**46**	30
Capitalised investment in respect of share-based payments		
Record Currency Management (US) Inc.	**77**	68
Record Group Services Limited	**978**	789
Total capitalised investment in respect of share-based payments	**1,055**	857
Total investment in subsidiaries	**1,101**	887

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 Currency Management (Switzerland) GmbH	Swiss advisory and service company
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, 251 Little Falls Drive, Wilmington, DE 19808) and Record Currency Management (Switzerland) GmbH is incorporated in Zürich (registered office: Münsterhof 14, 8001 Zürich). 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, the Company holds investments in several funds These funds are seed investments, which have various investment objectives and policies and are subject to the terms and conditions of their offering documentation. The principal activity of each is to invest capital from investors in a portfolio of assets in order to provide a return for those investors.

Group

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

The Group has controlled both the Record Currency – FTSE FRB10 Index Fund and the Record Currency – Strategy Development Fund throughout the year ended 31 March 2018 and the comparative year, the year ended 31 March 2017, and both were consolidated in full, on a line-by-line basis in the Group's financial statements throughout these periods.

The Group was in control of the Record Currency – Emerging Market Currency Fund until 21 March 2018, at which point the Group no longer consolidated the fund on a line-by-line basis, but the Group did consolidate the fund in full on a line-by-line basis until that date.

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

Company

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

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

	Group		Company	
Investment in funds	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000
Record Currency – FTSE FRB10 Index Fund	**—**	—	**1,116**	1,146
Record Currency – Emerging Market Currency Fund	**1,115**	—	**1,115**	1,104
Record Currency – Strategy Development Fund	**—**	—	**952**	1,060
Record – Currency Multi-Strategy Fund	**—**	—	**1,004**	—
Total	**1,115**	—	**4,187**	3,310

All four 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.

	2018 £'000	2017 £'000
(Charge)/credit to income statement in year	**(16)**	59
Asset brought forward	**102**	43
Asset carried forward	**86**	102

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

	2018 £'000	2017 £'000
Deferred tax allowance on unvested share options	**98**	191
Shortfall of taxation allowances over depreciation on fixed assets	**(12)**	(89)
Total	**86**	102

At the year end the Group had deferred tax assets of £85,758 (2017: £101,606). At the year end there were share options not exercised with an intrinsic value for tax purposes of £945,864 (2017: £1,006,095). 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.

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For the year ended 31 March 2018

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:

	2018 £'000	2017 £'000
Trade receivables	5,279	5,937
Accrued income	582	85
Other receivables	56	29
Prepayments	858	921
Total	**6,775**	6,972

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 2018. The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is £nil (2017: £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 assets denominated in foreign currencies, and additionally uses both foreign exchange options and forward foreign exchange contracts in order to achieve a return within the seed funds. The instruments are recognised at fair value. The fair value of the contracts is calculated using the market rates prevailing at the period end date. The net gain or loss on instruments is included within revenue.

Derivative financial assets	2018 £'000	2017 £'000
Forward foreign exchange contracts held to hedge non-sterling based assets	199	18
Forward foreign exchange contracts held for trading	67	35
Total	**266**	53

Derivative financial liabilities	2018 £'000	2017 £'000
Forward foreign exchange contracts held to hedge non-sterling assets	–	(5)
Forward foreign exchange contracts held for trading	(29)	(43)
Total	**(29)**	(48)

Derivative financial instruments held to hedge non-sterling based assets

At 31 March 2018 there were outstanding contracts with a principal value of £9,951,185 (31 March 2017: £7,786,158) 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 2018. The Group does not apply hedge accounting.

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

Derivative financial instruments held to hedge non-sterling based assets	2018 £'000	2017 £'000
Net gain/(loss) on forward foreign exchange contracts at fair value through profit or loss	424	(506)

Derivative financial instruments held for trading

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

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

At 31 March 2018 there were outstanding contracts with a principal value of £15,012,327 (31 March 2017: £16,085,621).

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

Derivative financial instruments held for trading	2018 £'000	2017 £'000
Net gain on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	53	612

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	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000
Bank deposits with maturities > 3 months	9,698	15,203	–	–
Treasury bills with maturities > 3 months	500	2,899	–	–
Money market instruments with maturities > 3 months	10,198	18,102	–	–
Cash	4,411	7,457	2	2
Bank deposits with maturities <= 3 months	8,087	11,663	–	–
Cash and cash equivalents	12,498	19,120	2	2
Total assets managed as cash	22,696	37,222	2	2

	Group		Company	
Cash and cash equivalents	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000
Cash and cash equivalents – sterling	3,827	14,174	2	2
Cash and cash equivalents – USD	2,680	1,026	–	–
Cash and cash equivalents – CHF	4,610	3,846	–	–
Cash and cash equivalents – other currencies	1,381	74	–	–
Total cash and cash equivalents	12,498	19,120	2	2

The Group cash and cash equivalents balance incorporates the cash and cash equivalents held by any fund deemed to be under control of Record plc (refer to notes 1 and 12 for explanation of accounting treatment). As at 31 March 2018, the cash and cash equivalents held by the seed funds over which the Group had control totalled £4,969,231 (31 March 2017: £5,140,828) and the money market instruments with maturities > 3 months held by these funds were £500,000 (31 March 2017: £2,899,233).

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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.

	Group		Company	
Trade and other payables	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000
Trade payables	**325**	418	**—**	—
Amounts owed to Group undertaking	**—**	—	**1,093**	11
Other payables	**4**	82	**—**	—
Other tax and social security	**234**	324	**—**	—
Accruals	**2,067**	2,189	**—**	—
Total	**2,630**	3,013	**1,093**	11

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

	Group		Company	
Current tax liabilities	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000
Corporation tax	**399**	804	**—**	67

18. Financial liabilities

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

Record has seeded four funds which have been active during the year ended 31 March 2018.

The Record Currency – FTSE FRB10 Index Fund was considered to be under control of the Group as the combined holding of Record plc and its Directors constituted a majority interest throughout the year. 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 – Emerging Market Currency Fund was under the control of the Group until 21 March 2018, when the redemption of units by two Record plc Directors meant that Record could no longer control the fund as the combined holding of Record plc and its Directors no longer constituted a majority interest from that point onwards. This fund has therefore been consolidated into the Group's financial statements until 21 March 2018.

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

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

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

	2018 £'000	Restated 2017 £'000
Record Currency – Emerging Market Currency Fund	**—**	4,308
Record Currency – FTSE FRB10 Index Fund	**459**	471
Record – Currency Multi-Strategy Fund	**2,008**	n/a
Record Currency – Strategy Development Fund	**—**	—
	2,467	4,779

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

Financial liabilities relating to the fair value of external investors' holdings in the seed funds were previously classified in equity as non-controlling interests. A reconciliation of the historic presentation to the revised presentation is provided in note 29.

19. Issued share capital

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

	2018		2017	
	£'000	**Number**	£'000	Number
Authorised				
Ordinary shares of 0.025p each	**100**	**400,000,000**	100	400,000,000
Called up, allotted and fully paid				
Ordinary shares of 0.025p each	**50**	**199,054,325**	55	221,380,800

On 17 July 2017 a total of 22,326,475 ordinary shares were purchased by the Company for a total cost of £10,000,028.15. The share purchase was made following the Tender Offer announced on 21 June 2017 and approved by special resolution at the General Meeting on 14 July 2017. Following the share purchase, the 22,326,475 shares were cancelled.

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 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
Adjustment for net sales by EBT	(1,225,563)
Record plc shares held by EBT as at 31 March 2018	**2,393,432**

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 20.

20. Share-based payments

During the year ended 31 March 2018 the Group has managed the following share-based compensation plans:

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

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

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

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

(a) Group Profit Share Scheme

Share-based payments with cash alternatives

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

The Group Profit Share Scheme allocates a proportion of operating profits to a profit share pool to be distributed between all employees of the Group. The Remuneration Committee has the discretion to vary the proportion allocated to the profit share pool between 25% and 35% of operating profits, 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 £682,758 (2017: £733,858). 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.

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20. Share-based payments continued

(a) Group Profit Share Scheme continued

Share-based payments with cash alternatives continued

Prior to 1 October 2017, if an individual elected to receive Additional Shares, the Group simultaneously awarded a Matching Share value amount using a multiple decided by the Remuneration Committee. The multiple was dependent on the level of seniority of the employee. The number of shares was determined by the post-tax cash attributed to Earned Shares plus Additional Shares plus Matching Shares divided by the aggregate market value achieved on the purchase of all such shares in the market. The charge to profit or loss in respect of Matching Shares in the period was £141,078 (2017: £292,525).

From 1 October 2017, as a result of changes to the Group Profit Share Scheme, Matching Shares are no longer awarded by the Group.

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

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

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

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

(b) The Record plc Share Scheme

Equity-settled share-based payments

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

The fair value of options granted is measured at grant date using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted. 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 historically been granted with a market value exercise price in the same way as for the Approved Options.

Options over an aggregate of 3,975,000 shares were granted under the Share Scheme during the year (2017: 4,197,521), of which 2,261,000 were made subject to Unapproved Options and 1,714,000 to Approved Options (2017: 3,790,000 made subject to Unapproved Options and 407,521 to Approved Options). All options were granted with an exercise price per share equal to the share price prevailing at the time of grant.

The 1,662,000 Approved Options issued to employees on 26 January 2018 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 328,000 Unapproved Options issued to employees on 26 January 2018 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 52,000 Approved Options issued to Directors on 26 January 2018 each become exercisable in three equal tranches on the third, fourth and fifth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 1,933,000 Unapproved Options issued to Directors on 26 January 2018 each become exercisable in three equal tranches on the third, fourth and fifth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 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 2018 were determined using a Black-Scholes option-pricing method and the following assumptions:

Model input	Weighted average value
Share price	43.5p
Exercise price	43.5p
Expected volatility	37%
Option life	4.0 years
Risk-free interest rate (%)	1.28%

Expected volatility is based on historical volatility.

The Group share-based payment expense in respect of the Share Scheme was £197,740 for the year ended 31 March 2018 (2017: £200,220).

Outstanding share options

At 31 March 2018, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 14,343,147 (2017: 13,656,564). 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 2017	Granted	Exercised	Lapsed/ forfeited	**At 31 March 2018**	Earliest vesting date	Latest vesting date[1]	Exercise price
27/09/13	480,000	—	(480,000)	—	**—**	27/09/17	27/09/17	£0.3085
27/09/13	327,500	—	(302,500)	(25,000)	**—**	27/09/14	27/09/17	£0.3085
18/11/13	933,334	—	(233,333)	(233,334)	**466,667**	18/11/16	18/11/18	£0.3000
26/11/14	2,160,000	—	—	(720,000)	**1,440,000**	26/11/17	26/11/19	£0.3586
24/03/15	270,000	—	—	(42,000)	**228,000**	24/03/19	24/03/19	£0.3450
24/03/15	1,385,250	—	(372,250)	(268,500)	**744,500**	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	993,750	—	—	(75,000)	**918,750**	27/01/17	27/01/20	£0.2450
27/01/16	709,209	—	—	(24,000)	**685,209**	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	—	—	(40,000)	**288,574**	30/11/20	30/11/20	£0.34072
30/11/16	1,590,000	—	(372,500)	(100,000)	**1,117,500**	30/11/17	30/11/20	£0.34072
30/11/16	2,200,000	—	—	—	**2,200,000**	30/11/19	30/11/21	£0.34072
31/01/17	78,947	—	—	—	**78,947**	31/01/21	31/01/21	£0.38000
26/01/18	—	1,662,000	—	—	**1,662,000**	26/01/22	26/01/23	£0.4350
26/01/18	—	328,000	—	—	**328,000**	26/01/19	26/01/23	£0.4350
26/01/18	—	52,000	—	—	**52,000**	26/01/21	26/01/24	£0.4350
26/01/18	—	1,933,000	—	—	**1,933,000**	26/01/21	26/01/24	£0.4350
Total options	13,656,564	3,975,000	(1,760,583)	(1,527,834)	**14,343,147**			
Weighted average exercise price of options	£0.32	£0.44	£0.32	£0.34	**£0.35**			

During the year 1,760,583 options were exercised. The weighted average share price at date of exercise was £0.47. At 31 March 2018 a total of 678,500 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 2018

20. Share-based payments continued

(b) The Record plc Share Scheme continued

Outstanding share options continued

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

	Ordinary shares held as at 31 March 2018	Ordinary shares held as at 31 March 2017
Record plc Group Profit Share Scheme (interest in restricted share awards)		
James Wood-Collins	**375,408**	573,568
Leslie Hill	**1,008,518**	759,618
Bob Noyen	**324,614**	374,641
Steve Cullen	**361,076**	380,429
Record plc Share Scheme (interest in unvested share options)		
James Wood-Collins	**3,286,667**	2,663,334
Leslie Hill	**1,800,000**	1,730,000
Bob Noyen	**1,800,000**	1,730,000
Steve Cullen	**1,405,000**	1,370,000

Performance measures

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

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

Approved options issued to all other staff during the year were not subject to a Group performance measure.

Approved options issued to all other staff in prior years were subject to performance measures linked to the Group's Total Shareholder Return ("TSR") and vested on the fourth anniversary of the date of grant, subject to these measures. At vesting date, a percentage of the total options granted could vest based upon Record's TSR performance versus the median TSR performance as measured against the FTSE 350 General Financial – Price Index. Options awarded subject to TSR performance conditions were valued using a Black-Scholes model. The performance target table is given below:

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

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

Clawback provisions

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

(c) The Record plc Share Incentive Plan

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

As an incentive to employees, the Group matches every two shares bought by employees with a free matching share. During the year, the Group awarded 40,909 free shares (2017: 49,264 free shares) to employees. The expense charged in respect of the SIP was £18,833 in the year ended 31 March 2018 (2017: £14,838).

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	2018 £'000	2017 £'000
Trade receivables	5,279	5,937
Accrued income	582	85
Other receivables	56	29
Other financial assets at fair value through profit or loss	266	53
Money market instruments with maturities > 3 months	10,198	18,102
Cash and cash equivalents	12,498	19,120
	28,879	43,326

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2018

21. Financial risk management continued

Credit risk continued

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 2018	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	5,279	4,551	726	2
Accrued income	582	582	—	—
	5,861	**5,133**	**726**	**2**
		88%	12%	0%

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%

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 52 debtors' balances (2017: 54). The largest individual debtor corresponds to 18% of the total balance (2017: 16%). Debtor days, based on the generally accepted calculation of debtor days, is 81 days (2017 (restated): 94 days). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2018 12.4% of debt was overdue (2017: 2.4%). No debtors' balances have been renegotiated during the year or in the prior year.

Liquidity risk

The Group is exposed to liquidity risk, namely that it may be unable to meet its payment obligations as they fall due. The Group maintains sufficient cash and marketable securities to be able to meet all such obligations. Management review cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet the future working capital requirements and to take advantage of business opportunities. The average creditor payment period is 22 days (2017: 33 days).

Contractual maturity analysis for financial liabilities:

At 31 March 2018	Carrying amount £'000	Due or due in less than 1 month £'000	Due between 1 and 3 months £'000	Due between 3 months and 1 year £'000
Trade payables	**325**	**325**	**—**	**—**
Accruals	**2,067**	**164**	**838**	**1,065**
Derivative financial liabilities	**29**	**25**	**4**	**—**

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	—

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 2018	**Fixed rate £'000**	**Floating rate £'000**	**No interest rate £'000**	**Total £'000**
Financial assets				
Trade receivables	–	–	5,279	5,279
Accrued income	–	–	582	582
Other receivables	–	–	56	56
Derivative financial assets at fair value through profit or loss	–	–	266	266
Money market instruments with maturities > 3 months	10,198	–	–	10,198
Cash and cash equivalents	8,087	4,411	–	12,498
Total financial assets	**18,285**	**4,411**	**6,183**	**28,879**
Financial liabilities				
Trade payables	–	–	(325)	(325)
Accruals	–	–	(2,067)	(2,067)
Derivative financial liabilities at fair value through profit or loss	–	–	(29)	(29)
Financial liabilities	–	–	(2,467)	(2,467)
Total financial liabilities	**–**	**–**	**(4,888)**	**(4,888)**

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)
Financial liabilities	–	–	(4,779)	(4,779)
Total financial liabilities	–	–	(7,434)	(7,434)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2018

21. Financial risk management continued

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 2018, the Group invoiced the following amounts in currencies other than sterling:

	Local currency value '000	Value in reporting currency £'000
Swiss franc (CHF)	13,045	10,053
US dollar (USD)	9,760	7,230
Euro (EUR)	2,683	2,361
Canadian dollar (CAD)	660	385
Swedish krona (SEK)	784	70
Singapore dollar (SGD)	34	19
		20,118

The value of revenues for the year ended 31 March 2018 that were denominated in currencies other than sterling was £20.1 million (31 March 2017: £19.5 million).

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

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

The cash denominated in currencies other than sterling (refer to note 16), is covered by the Group's hedging process, therefore the Directors consider that the foreign currency risk on cash balances is not material.

Foreign currency risk – sensitivity analysis

The Group has considered the sensitivity to exchange rate movements by considering the impact on those revenues, costs, assets and liabilities denominated in foreign currencies as experienced in the given period.

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2018 £'000	Restated 2017 £'000	**2018 £'000**	Restated 2017 £'000
Sterling weakening by 10% against the dollar	**469**	469	**469**	469
Sterling strengthening by 10% against the dollar	**(469)**	(469)	**(469)**	(469)
Sterling weakening by 10% against the Swiss franc	**593**	621	**593**	621
Sterling strengthening by 10% against the Swiss franc	**(593)**	(621)	**(593)**	(621)

Sterling/US dollar exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis and market expectations for future movement. When applied to the average sterling/USD exchange rate of £/$1.34 this would result in sterling weakening to £/$1.22 and sterling strengthening to £/$1.49.

Sterling/Swiss franc exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis and market expectations for future movement. When applied to the average sterling/CHF exchange rate of £/CHF1.29 this would result in sterling weakening to £/CHF1.18 and sterling strengthening to £/CHF1.44.

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

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:

	2018 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	199	–	199	–
Forward foreign exchange contracts used for seed funds	67	–	67	–
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(29)	–	(29)	–
Forward foreign exchange contracts used for seed funds	–	–	–	–
Total	**237**	**–**	**237**	**–**

	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	–

There have been no transfers between levels in the reporting period (2017: none).

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

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

Classes and fair value of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2018

22. Fair value measurement continued

Categories of financial instrument

At 31 March 2018	Note	Loans and receivables £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
Trade and other receivables (excludes prepayments)	14	5,917	—	—	—
Money market instruments with maturities > 3 months	16	10,198	—	—	—
Cash and cash equivalents	16	12,498	—	—	—
Derivative financial assets at fair value through profit or loss	15	—	—	266	—
Trade payables	17	—	(325)	—	—
Accruals	17	—	(2,067)	—	—
Derivative financial liabilities at fair value through profit or loss	15	—	—	—	(29)
Total		**28,613**	**(2,392)**	**266**	**(29)**

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)

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 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 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.

On 1 June 2017, the Group signed a five year lease on premises in Zürich, at an annual commitment of CHF 49,680 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 2018 the Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	2018 £'000	2017 £'000
Not later than one year	**637**	608
Later than one year and not later than five years	**1,866**	2,134
Later than five years	**—**	211
Total	**2,503**	2,953

24. Cash flow from operating activities

Group

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

	2018 £'000	Restated 2017 £'000
Operating profit	**7,272**	7,744
Adjustments for non-cash movements:		
Profit on disposal of property, plant and equipment	**1**	—
Depreciation of property, plant and equipment	**206**	99
Amortisation of intangible assets	**99**	243
Net release of shares previously held by EBT	**845**	587
Share-based payments	**(93)**	24
Decrease in cash on deconsolidation of Record Currency – Emerging Market Currency Fund (see note 12)	**(4,062)**	—
Other non-cash movements	**(270)**	(146)
	3,998	8,551
Changes in working capital		
Decrease/(increase) in receivables	**172**	(1,268)
(Decrease)/increase in payables	**(371)**	641
(Increase)/decrease in other financial assets	**(204)**	53
Increase in other financial liabilities	**734**	700
Cash inflow from operating activities	**4,329**	8,677
Interest paid	**(10)**	—
Corporation taxes paid	**(1,573)**	(1,570)
Net cash inflow from operating activities	**2,746**	7,107

Company

	2018 £'000	Restated 2017 £'000
Operating (loss)/profit	**(123)**	330
Adjustment for:		
Loss/(gain) on investments	**7**	(193)
Other	**116**	(137)
Changes in working capital		
Increase in payables	**1,082**	—
Cash inflow from operating activities	**1,082**	—
Corporation taxes paid	**(67)**	—
Net cash inflow from operating activities	**1,015**	—

Financial statements

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2018

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.

	2018 £'000	2017 £'000
Amounts due to subsidiaries	**(1,093)**	(11)
Net dividends received from subsidiaries	**16,810**	3,592

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 (2017: £nil). No expense has been recognised during the year 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

	2018 £'000	2017 £'000
Short-term employee benefits	**4,965**	4,651
Post-employment benefits	**185**	184
Share-based payments	**1,172**	1,387
Total	**6,322**	6,222

The dividends paid to key management personnel in the year ended 31 March 2018 totalled £3,651,092 (2017: £1,915,103).

Directors' remuneration

	2018 £'000	2017 £'000
Emoluments (excluding pension contribution)	**2,397**	2,571
Pension contribution (including payments made in lieu of pension contributions)	**166**	164
Total	**2,563**	2,735

During the year, one Director of the Company (2017: one) 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 – FTSE FRB10 Index Fund , Record Currency – Strategy Development Fund and Record – Currency Multi-Strategy Fund are all related parties on this basis. Similarly, the Record Currency – Emerging Market Currency Fund was a related party until the divestment of two Record plc Directors resulted in Record plc losing control over the entity as its combined holding in the fund when considered in aggregate with its Directors no longer constituted a majority.

The only transaction between the Company and these funds during the year was the initial seed investment of £1,000,000 in the Record – Currency Multi-Strategy Fund.

During the year, four Record plc Directors adjusted their seed investment in the funds, as set out below:

Related party	Trade date	Type	Value	Fund
Neil Record	26 Feb 2018	Subscription	GBP 500,000	Record – Currency Multi-Strategy Fund
Leslie Hill	22 Mar 2018	Redemption	CHF 1,055,850	Record Currency – Emerging Market Currency Fund
Leslie Hill	22 Mar 2018	Subscription	CHF 1,055,850	Record – Currency Multi-Strategy Fund
Bob Noyen	22 Mar 2018	Redemption	USD 836,199	Record Currency – Emerging Market Currency Fund
Bob Noyen	22 Mar 2018	Subscription	USD 836,199	Record – Currency Multi-Strategy Fund
Jane Tufnell	26 Feb 2018	Subscription	GBP 100,000	Record – Currency Multi-Strategy Fund

26. Capital management

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

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

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

	2018 £m	2017 £m
Regulatory capital	9.1	8.9
Other operating capital	13.3	24.6
Operating capital	22.4	33.5
Seed capital	4.2	3.3
Total capital	26.6	36.8

Operating capital is intended to cover the regulatory capital requirement plus capital required for day to day operational purposes and other investment purposes. The Directors consider that the other operating capital significantly exceeds the actual day to day operational requirements.

Seed capital is the capital deployed to support the growth of new funds. Seed capital is limited to 25% (2017: 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 2018 the Company had no ultimate controlling party, nor at 31 March 2017.

28. Post reporting date events

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

29. Restatement of previously published financial statements

The Directors have reviewed the basis of preparation of the Group's consolidated financial statements, and have implemented the following changes.

Classification of the external investment in the seed funds

External investment in the seed funds which are consolidated into the Group financial statements has previously been classified as a non-controlling interest as the investment was considered to be an equity instrument. The Directors have reviewed this treatment and now recognise the external investment as a financial liability. This change in approach has a material change to the statement of financial position affecting both current liabilities and equity. The adjustment also affects the statement of comprehensive income as the pro-rata share of the gains or losses derived from the seed funds which are attributable to the external investors in the funds are not included within operating profit as opposed to being included in profit attributable to the non-controlling interest.

Presentation of other income

Management has reviewed the nature of items included in revenue in accordance with the definitions provided in IAS 1 and IAS 18. Following the review, management has decided that a re-presentation of certain elements would improve the clarity of the financial statements.

Consequently, the presentation of gains or losses on hedging, gains or losses on trading within the seed funds and gains or losses on foreign exchange conversion which were previously included within revenue as "other income" are now presented separately on the face of the statement of comprehensive income as "other income or expense".

A reconciliation of primary statements previously reported to restated primary statements is provided on pages 112 to 115.

The effect of both changes in future periods is not disclosed as it is not practicable to do so.

The changes described above have had no impact on the profit attributable to owners of the parent nor on the earnings per share.

The restated operating profit and profit before tax for the comparative period is equivalent to the underlying operating profit and underlying profit before tax disclosed in previous reports.

Financial statements

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2018

29. Restatement of previously published financial statements continued

Reconciliation of consolidated statement of comprehensive income under historic interpretation to new interpretation

	Year ended 31 March 18 £'000	Year ended 31 March 17 £'000
Historic presentation		
Revenue	**23,639**	23,928
Gross profit	**23,328**	23,630
Other income or expense	**n/a**	n/a
Consisting of:		
Gains or losses on derivative financial instruments and foreign exchange conversion	**n/a**	n/a
Adjustment for gain or loss attributable to external investors in the seed fund	**n/a**	n/a
Operating profit	**6,904**	8,563
Profit before tax	**6,960**	8,675
Profit after tax and total comprehensive income for the period	**5,778**	7,135
Profit and total comprehensive income for the period attributable to:		
Non-controlling interests	**(368)**	819
New presentation		
Revenue	**23,834**	22,952
Gross profit	**23,523**	22,654
Other income or expense	**173**	175
Consisting of:		
Gains or losses on derivative financial instruments and foreign exchange conversion	**(195)**	976
Adjustment for gain or loss attributable to external investors in the seed fund	**368**	(819)
Operating profit	**7,272**	7,744
Profit before tax	**7,328**	7,856
Profit after tax and total comprehensive income for the period	**6,146**	6,316
Profit and total comprehensive income for the period attributable to:		
Non-controlling interests	**–**	–
Differences		
Revenue	**195**	(976)
Gross profit	**195**	(976)
Other income or expense	**173**	175
Consisting of:		
Gains or losses on derivative financial instruments and foreign exchange conversion	**(195)**	976
Adjustment for gain or loss attributable to external investors in the seed fund	**368**	(819)
Operating profit	**368**	(819)
Profit before tax	**368**	(819)
Profit after tax and total comprehensive income for the period	**368**	(819)
Profit and total comprehensive income for the period attributable to:		
Non-controlling interests	**368**	(819)

The presentation of gains or losses on hedging, gains or losses on trading within the seed funds and gains or losses on foreign exchange conversion have been re-presented from within revenue to other income or expense on the face of the statement of comprehensive income.

The pro-rata share of the gains or losses derived from the seed funds which are attributable to the external investors in the funds are not included within operating profit as opposed to previously being included in profit and disclosed as the profit after tax attributable to the non-controlling interest.

Reconciliation of consolidated statement of financial position under historic interpretation to new interpretation

	As at 31 March 18 £'000	As at 31 March 17 £'000
Historic presentation		
Financial liabilities	**n/a**	n/a
Total current liabilities	**(3,058)**	(3,865)
Total net assets	**29,018**	41,610
Non-controlling interests	**2,467**	4,779
Total equity	**29,018**	41,610
New presentation		
Financial liabilities	**(2,467)**	(4,779)
Total current liabilities	**(5,525)**	(8,644)
Total net assets	**26,551**	36,831
Non-controlling interests	**–**	–
Total equity	**26,551**	36,831
Differences		
Financial liabilities	**(2,467)**	(4,779)
Total current liabilities	**(2,467)**	(4,779)
Total net assets	**(2,467)**	(4,779)
Non-controlling interests	**(2,467)**	(4,779)
Total equity	**(2,467)**	(4,779)

The net asset value of the investment of external investors in the seed fund has been reclassified from a non-controlling interest in equity, to a financial liability. There is no other non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 March 2018

29. Restatement of previously published financial statements continued

Reconciliation of consolidated statement of changes in equity under historic interpretation to new interpretation

The statement of changes in equity is shown below as it would appear under the historic presentation.

In the revised format there is no non-controlling interest, and therefore no changes in non-controlling interest. As a consequence total equity becomes equivalent to the total equity attributable to owners of the parent.

	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 interests £'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 period	—	—	—	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	—	—	—	—	—	(59)	(59)
Share-based payments	—	—	—	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
Profit and total comprehensive income for the period	**–**	**–**	**–**	**6,146**	**6,146**	**(368)**	**5,778**
Dividends paid	**–**	**–**	**–**	**(6,810)**	**(6,810)**	**–**	**(6,810)**
Share buy-back	**(5)**	**–**	**6**	**(10,000)**	**(9,999)**	**–**	**(9,999)**
Own shares acquired by EBT	**–**	**–**	**–**	**(952)**	**(952)**	**–**	**(952)**
Release of shares held by EBT	**–**	**266**	**–**	**1,241**	**1,507**	**–**	**1,507**
Issue of units in funds	**–**	**–**	**–**	**–**	**–**	**959**	**959**
Divestment of non-controlling interest	**–**	**–**	**–**	**–**	**–**	**(2,903)**	**(2,903)**
Share-based payments	**–**	**–**	**–**	**(172)**	**(172)**	**–**	**(172)**
Transactions with shareholders	**(5)**	**266**	**6**	**(16,693)**	**(16,426)**	**(1,944)**	**(18,370)**
As at 31 March 2018	**50**	**2,237**	**26**	**24,238**	**26,551**	**2,467**	**29,018**

Reconciliation of consolidated statement of cash flows under historic interpretation to new interpretation

	Year ended 31 March 18 £'000	Year ended 31 March 17 £'000
Historic presentation		
Operating profit	**6,904**	8,563
Changes in working capital:		
Increase/(decrease) in other financial liabilities	**143**	(60)
Cash inflow from operating activities	**3,370**	8,736
Net cash inflow from operating activities	**1,787**	7,166
Cash flow from financing activities:		
Cash inflow/(outflow) from issue/(redemption) of units in funds	**959**	(59)
Cash outflow from financing activities	**(16,218)**	(3,844)
New presentation		
Operating profit	**7,272**	7,744
Changes in working capital:		
Increase in other financial liabilities	**734**	700
Cash inflow from operating activities	**4,329**	8,677
Net cash inflow from operating activities	**2,746**	7,107
Cash flow from financing activities:		
Cash flow from issue/redemption of units in funds	**n/a**	n/a
Cash outflow from financing activities	**(17,177)**	(3,785)
Differences		
Operating profit	**368**	(819)
Changes in working capital:		
Movement in other financial liabilities	**591**	760
Cash flow from operating activities	**959**	(59)
Net cash flow from operating activities after tax	**959**	(59)
Cash flow from financing activities:		
Cash flow from issue/redemption of units in funds	**(959)**	59
Cash flow from financing activities	**(959)**	59

As the external investment in the fund is no longer considered to be equity, the cash flow arising on issue or redemption of shares is not included as a financing activity but as a movement in other financial liabilities. The adjustment to operating profit in the revised presentation which relates to the pro-rata share of the gains or losses derived from the seed funds which are attributable to the external investors in the funds has an equal and opposite effect on the movement in other financial liabilities.

There is no change to cash or cash equivalents at the period end.

Additional information

FIVE YEAR SUMMARY

	Restated				Audited
Year ended 31 March	2014 £'000	2015 £'000	2016 £'000	2017 £'000	**2018 £'000**
Management fees	20,271	20,255	20,941	22,718	**23,497**
Performance fees	—	480	315	—	**—**
Other revenue	57	70	163	234	**337**
Revenue	20,328	20,805	21,419	22,952	**23,834**
Cost of sales	(86)	(148)	(221)	(298)	**(311)**
Gross profit	20,242	20,657	21,198	22,654	**23,523**
Operating expenses	(13,412)	(13,373)	(14,123)	(15,067)	**(16,424)**
Other income/(expenditure)	(42)	60	(154)	157	**173**
Operating profit	6,788	7,344	6,921	7,744	**7,272**
Net interest	113	146	143	112	**56**
Profit before taxation	6,901	7,490	7,064	7,856	**7,328**
Taxation	(1,494)	(1,708)	(1,523)	(1,540)	**(1,182)**
Profit after taxation	5,407	5,782	5,541	6,316	**6,146**
Basic EPS (pence)	2.48	2.66	2.55	2.91	**3.03**
Ordinary dividend (pence)	1.50	1.65	1.65	2.00	**2.30**
Special dividend (pence)	—	—	—	0.91	**0.50**

INFORMATION FOR SHAREHOLDERS

Record plc

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

Registered office

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Principal UK trading subsidiaries

Record Currency Management Limited
Registered in England and Wales
Company No. 1710736

Record Group Services Limited
Registered in England and Wales
Company No. 1927639

Both principal UK trading subsidiaries are based in Windsor.

Further information on Record plc can be found on the Group's website: www.recordcm.com

Dates for 2018 dividend

Ex-dividend date	28 June 2018
Record date	29 June 2018
Annual General Meeting	26 July 2018
Final dividend payment date	1 August 2018

Registrar

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Further information about the Registrar is available on their website www.linkassetservices.com

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 Manager Directive
"Articles"	The Articles of Association of the Company
"AUME"	Assets under management equivalents
"Board"	Company's Board of Directors
"bps"	Basis point = 100th of a per cent
"Companies Act"	Every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the Company
"Company"	Record plc
"$" or "dollars"	All references to dollars or $ symbol are to the currency of the US unless stated otherwise
"EBT"	Employee Benefit Trust
"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
"LGPS"	Local Government Pension Schemes
"London Stock Exchange"	London Stock Exchange plc
"MiFID"	Markets in Financial Instruments Directive
"Official List"	The official list of the Financial Conduct Authority
"TIPS"	US government treasury inflation protected securities
"US"	United States of America

AUME definition

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

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

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