recordfg.com

Listen
Understand
Deliver

Modernisation and diversification… the investment delivers

Record plc Annual Report 2022

Annual Report 2022

Contents

Our purpose
To continue to harness trends and innovate by collaborating with our clients

Our vision
Diverse partnerships of financial specialists – creating unique, opportunistic, sustainable solutions

Our mission
Independent, candid advice derived from our 40-year legacy – as we evolve into a global asset management network

Our value proposition
Transparency and trust, above all. We listen to clients, truly understand their needs then collaborate with like-minded specialist partners from a wide range of asset classes to deliver solutions

Our year in numbers

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

$83.1bn +3.7%

2021: $80.1bn

Earnings per share

4.52p +64.4%

2021: 2.75p

Revenue

£35.1m +38.2%

2021: £25.4m

Ordinary dividend per share

3.60p +56.5%

2021: 2.30p

Profit before tax

£10.9m +75.8%

2021: £6.2m

Special dividend per share

0.92p +104%

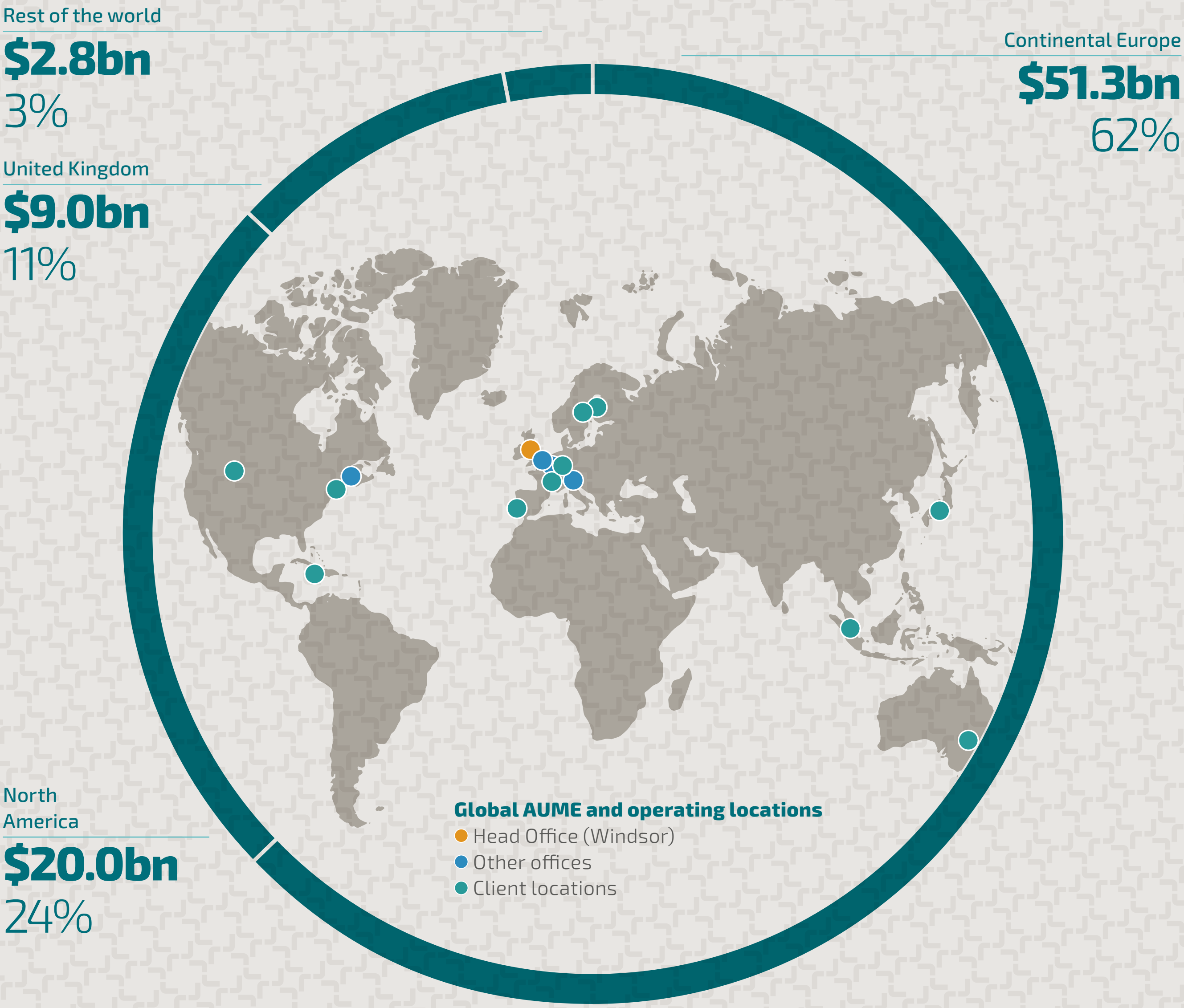
2021: 0.45p

1. As a currency and derivatives 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. AUME is an alternative performance measure and further detail on how it is defined is provided on page 148.

About us

Record began with a spark. An idea, Currency Overlay, which led to the signing of the world's first Currency Overlay mandate in 1985. We've been harnessing trends ever since, with curiosity, innovation and integrity.

We were one step ahead then when we began and we aren't standing still today – as we invite greater diversity of thought, specialist partnerships and new solutions for our clients.



Where we operate

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

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

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

Our approach

Listen
A client-focused approach

Understand
Using strengths and experience developed over almost 40 years

Deliver
Unique, innovative and sustainable solutions

Our values

People first

Our clients value our understanding of how achieving long-term, sustainable investment objectives is a mindful journey, as much as an economic one. Then there's our team – championed for its intellectual diversity, passion and dynamism. It's our people that makes us great.

Integrity

We've always had a legacy of honesty and upfront client advice during almost 40 years in existence – and that will never change. This ethos echoes throughout our people, our relationships, our products and our fees. And, as an impartial, independent, listed business, we are guided by best practice and ethical codes of conduct.

Collaboration

We firmly believe in the power of many. Our expanding network of like-minded specialists from around the world means we can call on various strengths and expertise. This flexibility allows us to customise unique solutions for our clients.

Curiosity

We are restless minds driven by curiosity, ideas and innovation. We always question, so we can give our clients excellence and value. We are not afraid to say no if it's not the right investment fit. Or to dig a bit deeper – to unearth other opportunities or create new solutions that don't yet exist.

Kindness

In many ways, we can be described as empathetic investment advisers and champions of varied thought. Listeners first, we get to know our clients and learn what their needs are – then we create customised solutions that fit their specific needs.

Chairman's statement

While the general economic, political and security environment has noticeably worsened in the past year, Record plc has enjoyed contrasting fortunes with strong rises in its revenues and profits.

Neil Record
Chairman

The year ending 31 March 2022 ("FY-22") has been one of enormous change for the business. Revenue is up 38% on the comparative year and pre-tax profit up 76%. We have successfully launched and expanded our EM Sustainable Finance Fund; our European subsidiary, Record Asset Management GmbH, is bringing new ideas, new products and new clients; and our US hedging business has grown substantially on the back of large Dynamic Hedging mandates.

I consider FY-22 to be the start of a new chapter in Record's history. It is clear from the pipeline of projects, clients and ideas that the firm is no longer going to be a purely currency management specialist. While we will maintain our currency speciality, we are widening our offering in the alternative asset management space.

We plan to diversify into areas where specialist skills are well rewarded; where investor appetite is high, and where our existing expertise can be put to use. We have already demonstrated that we can work closely with large international bank partners to launch the EM Sustainable Finance Fund (moving us for the first time in scale into the frontier currency world); and I am pleased to report that we plan to launch further funds with a variety of different investor appetites and asset classes.

The invasion of Ukraine and the resulting humanitarian crisis is like no other experienced in our generation in Europe. Our thoughts are with the people experiencing untold pain and hardship, and we hope that negotiations to end the conflict will prevail. I would like to offer particular thanks to the group of Ukrainian nationals who have been working to upgrade our IT infrastructure, despite the incredibly challenging conditions. We are doing everything we can to offer them our support.

I am very enthusiastic about our company's future. We have in place an extremely talented and effective CEO, Leslie Hill, who since her appointment in early 2020 has masterminded many of the growth orientated changes focused on delivering results that we are now seeing. I also see a rising generation of talented and energetic individuals with the skills, background and support to continue to bring about change and growth. I believe these individuals will add significant value to the business by taking responsibility and bringing broader strength in depth to the future leadership team.

Financial overview

This new chapter for Record has been accompanied by an exceptional set of results, which not only go to illustrate the strength of the leadership team, but also underlines the credibility of the new strategy. Growth in management fees of 37% has driven the reversal of the short-term reduction in profitability seen in FY-21, with Record's operating margin increasing to 31% from 24% last year. Encouragingly, this growth is linked to a positive change in our revenue weighting

Operating margin

31% +7%

FY-21: 24%

Earnings per share

4.52p +64%

FY-21: 2.75p

towards higher revenue-margin products from both existing and newly launched products, supporting the change in strategic direction towards a more diversified set of products and services. Notwithstanding an increase in both personnel and non-personnel costs as the business continues to invest in its people and systems, the Group has delivered a 64% increase in earnings and continues to be supported by its robust and liquid Balance Sheet, with total equity of almost £26 million.

Further information on financial results can be found in the Financial review section on page 44.

Capital and dividend

The Board is pleased with the progress made from the change in strategy and remains confident in the future growth prospects of the business.

Our capital and dividend policies have not changed during the last two years and we have continued to pay both ordinary and special dividends over this period, notwithstanding the significant disruption and uncertainty arising from the pandemic when many companies were cutting or cancelling their dividends.

Our capital policy aims to ensure retention of capital assessed as required for regulatory purposes, for working capital purposes and for investing in new opportunities for the business. Our dividend policy now targets a level of ordinary dividend within the range of 70% to 90% of annual earnings, and which allows for progressive and sustainable dividend growth in line with the trend in profitability. It is also the Board's intention, subject to financial performance and market conditions at the time, to return excess earnings over ordinary dividends for the financial year and adjusted for changes in capital requirements, to shareholders, normally in the form of special dividends.

The Board is recommending a final ordinary dividend of 1.80 pence per share (2021: 1.15 pence) with the full-year ordinary dividend at 3.60 pence per share (2021: 2.30 pence), representing a 57% increase in the ordinary dividend and an ordinary payout ratio of 80% of earnings. The interim dividend of 1.80 pence was paid on 30 December 2021, and the final ordinary dividend of 1.80 pence will be paid on 9 August 2022 to shareholders on the register at 1 July 2022, subject to shareholder approval.

Having carefully reviewed the current level of Group capital against its ongoing requirements for regulatory and investment purposes and to support its continued growth, the Board considers the current level of capital to be sufficient and is announcing a special dividend of 0.92 pence per share to be paid simultaneously with the final ordinary dividend. Total proposed dividends per share for the year are 4.52 pence per share (2021: 2.75 pence) compared to earnings per share of 4.52 pence (2021: 2.75 pence).

The Board

We have welcomed two new Non-executive Directors to the plc Board in FY-22 – Matt Hotson and Krystyna Nowak. We have said goodbye to both Rosemary Hilary, who retired from the Board in September 2021 and, as I reported in my statement last year, to Jane Tufnell who stood down from the Board at the Company AGM in July 2021, when Tim Edwards took over the role of Senior Independent Director.

I would like to thank Rosemary, who ably chaired the Audit and Risk Committee during her tenure on the Board and brought to that role a forensic mind and long experience of the management of financial and business risk.

We have split the Audit and Risk Committee functions, and Matt Hotson has taken on the Chair of the non-executive Audit Committee, while we have established a Risk Committee as an executive function.

Matt comes to us with senior CFO experience, and brings a sharp intellect and a current executive role elsewhere to our Board team.

Krystyna Nowak has taken on the Chair of the Nomination Committee. Krystyna's background is in executive search following a career in banking. She brings wide experience of managing our most valuable asset – our people – and we look forward to benefiting from her expertise.

Outlook

There appears to be a contrast between the outlook for Record plc on the one hand, and the wider economic environment on the other.

Taking first Record's prospects. As I have already mentioned, we are witnessing a fundamental change in the business, which I believe has the potential to transform for the better Record's scale and resilience within the next few years. This leaves me feeling very optimistic for the firm.

By contrast, I am concerned that the current economic, financial and geopolitical pressures facing Western democracies may well see a prolonged period of very difficult conditions – high inflation; low, zero or negative growth; overstretched fiscal positions; and the likelihood of political instability. One way or another, these conditions may well impact on Record's growth prospects, but my current judgement is that our growth will outweigh the headwinds imposed on us by these global economic problems.

Neil Record
Chairman

20 June 2022

Chief Executive Officer's statement

Two years after taking on the role of CEO, I can now confidently report that we are making real progress against our stated objectives to modernise, diversify and build our business.

Leslie Hill
Chief Executive Officer

The team and I are very pleased with the development of our strategy, and have great plans for the future. To that end, I am now detailing our aspirations in more concrete terms than we have in the past. We can, I believe, achieve revenue of approximately £60 million by this time in 2025 and will continue to improve our operating margin, inflation willing. This will give our investors a clearer sense of our trajectory and confidence in the future.

Progress against strategy

Our "house", to continue an analogy I used last year, is now much more robust in so many ways, as you will see detailed below and further on in this report. Our new ventures and products are bearing fruit, and we are expanding our strategic partnerships around the world, while also developing interesting new opportunities with our loyal client base. The longevity of our relationships continues to be a source of great pride to us all, but we are also finding new major groups and institutions who value what we have to offer, and want to work with us. I will detail each of the key pillars of our strategy as follows:

Diversification

In June of 2021 we did indeed launch our EM Sustainable Finance Fund, and it has gone well. We now run approximately $1.2 billion in this strategy, which was built for and in partnership with UBS Global Wealth Management in Switzerland. Despite a turbulent year in the world of Emerging Markets we have succeeded in outperforming our benchmark and growing assets while weathering some unusually volatile geopolitical waters. We continue to invest considerable resource in this opportunity and it is providing results. We are working on some new and interesting Impact and Sustainable Finance initiatives of which I look forward to reporting more in the coming year. In addition, we set up a Senior Sustainability Office this year to make sure we observe and are at the forefront of best practice in this demanding area.

However, we are all about diversification and there are a few other notable milestones reached this year which are worth highlighting. We have been informed by BaFin that our application has been approved which will enable us to build our asset management business in Continental Europe, and have created a strong core team in Zürich, Germany and Amsterdam. Some of our projects are coming to fruition, with clients added in Holland, and a new Municipal Bond fund developed for the German market. We acquired our first ever Japanese hedging client this year, and will plan to build on this milestone.

Revenue

£35.1m +38%

FY-21: £25.4m

Profit before tax

£10.9m +76%

FY-21: £6.2m

In addition, we are building a suite of Luxembourg-based funds this year which will allow us to further realise our aspirations to become a fully fledged asset manager, adding to our existing credentials as an overlay and derivatives manager. Our growth agenda is on target and we continue to add clients for our currency and derivatives offerings, particularly in the Asset Management field, where we acquired four new clients this year, with more to come.

Modernisation

So much work has been done to bring our infrastructure up to date and both strengthen and protect our business, and therefore our clients. We are now established as a company with sophisticated IT infrastructure, with hybrid cloud and on-premise capabilities to ensure maximum flexibility, and we have managed to keep all of this work both on target and on budget.

We are also working hard to continue expanding our software development team, offering customised and cost-effective solutions to our business partners as well as to more and more clients. Particularly of note is the enthusiasm with which our Asset Management clients greet our willingness to take the currency burden off their shoulders so they can concentrate on growing their own businesses. Doing what others do not want to do may not be glamorous but we have the experience and the history of reliably taking on the challenges of our clients and as a team we receive them with open arms! We now view our technology stack as a journey of constant evolution, not a single destination, and I think we will have more interesting announcements in the coming year.

Succession

We continue the progression – enabling young, vibrant members of our team to become equity owners and take on more responsibility. This year saw more promotions within our ranks than any other year in our history, which is a testament to our desire to develop talent. Our new London office has allowed us to attract this talent and our continued flexible working arrangements are enhancing rather than reducing productivity.

However, we do know that you simply cannot replace idea sharing and training face-to-face, and have found the implementation of a working schedule that includes core office days essential to teamwork and collaboration. In addition to all of this, we are building strong and modern Diversity and Inclusion policies and working to attract more women and ethnic minorities into our senior roles; we just this year implemented our first ever Mentoring and Coaching programme for our mid and senior-level women which we sourced from a cutting-edge US-based company. We will do more of this as it was well received by our staff.

Financial performance

In terms of results, rewardingly we have achieved a 38% increase in revenues year on year and a 76% increase in profits, and an increase in our operating margins from 24% to 31%, all of which I think speaks for itself. We are just starting to get into our stride here and while I want to keep everything steady and calm I do believe we have a long way to go. In addition we have seen a return to performance fees earned this year after a hiatus, and while these earnings are somewhat episodic, our clients' patience and belief in us has gratifyingly been proved worthwhile, for them and for us.

Outlook

We have so much yet to do, and so much further to go, as we move from a niche overlay manager into the world of mainstream asset management while not losing sight of our core expertise and the importance of this part of our business. I believe we can combine the flexibility and agility of a small business – as is shown by our Tech transformation, with the scale and credibility of a much larger business, as is demonstrated by our asset base, our growing global reach and the scalability of our product and service offering. This will be the secret of success in coming years, and it is making this company, and indeed my job, most interesting and rewarding.

Leslie Hill
Chief Executive Officer

20 June 2022

Our purpose

Record was born of an idea that no one else in our industry had: Currency Overlay, which led to the signing of the world's first Currency Overlay mandate in 1985. Almost four decades later, we purposefully continue to harness trends, ignite ideas and spark innovation, with intellectual, inquisitive and diverse thinking. And we apply this never-standing-still approach to all our specialist partnerships and solutions.

This way, we stay one step ahead for our clients.

Our resources

Client relationships

We forge strong, collaborative and long-standing client relationships acting as a trusted adviser, underpinned by a deep understanding of each client's opportunities and investment objectives.

Expertise and partnerships

We are experts in FX and derivatives products and markets and we use this in collaboration with our expanding network of like-minded specialist partners to build unique solutions for our clients.

Technology and innovation

We continually invest in the modernisation of our systems and technology to help us innovate and to ensure we achieve scalable, robust and efficient delivery of our products and services.

Financial strength

Record is a highly cash-generative, asset-light business with a strong balance sheet and a disciplined and rigorous approach to capital management – strengths which have guided us through various and challenging market cycles over almost 40 years in business.

Values and culture

Strong values and a culture built over almost 40 years underpin the way we work, guiding our behaviour, operations and communications in everything we do.

Our strategy

Our strategy is focused on accelerated growth supported by the following three pillars:

Modernisation

Investing in new technology is essential for ensuring our business remains competitive and innovative. It gives greater flexibility to adapt to changes in markets and investor appetite, whilst providing more efficient working practices and scalable solutions.

Diversification

Our expertise in collaboration with like-minded partners combines to provide innovative solutions that fulfil specific investor objectives. Successful diversification spans every aspect of our business: people, products, client types and geographies, specialist skill sets and alternative markets.

Succession

As our business moves into a new era, it remains vital for our future success that key individuals are retained and encouraged to become long-term employees and equity holders in Record.

See more on page 18

Our financial model

The business is highly cash-generative with a robust balance sheet and strong capital position. A rigorous and disciplined approach to capital management allows the business to reinvest for growth and to drive shareholder value and returns. The Group holds no external debt.

Cash generation

Our highly cash-generative business model allows us to remain independent, self-financing with no external debt. We use the cash generated to reinvest into the business in the pursuit of growth in line with our strategy, to ensure the day-to-day expenditure requirements of the business are met, and to return surplus cash to our shareholders in the form of dividends or share repurchases.

Net cash inflow (before tax) from operating activities:

£12.7m +55%

FY-21: £8.2m

Returns to shareholders – total dividends per share:

4.52p +64%

FY-21: 2.75p

Benefits to our stakeholders

Clients

In all respects, we are a client-led business. We listen to our clients, understand their investment objectives and, using our expertise alongside that of our chosen partners, deliver innovative products and services and the highest levels of client service.

People

Our people make our business great and are championed for their intellectual diversity, passion and dynamism. We are committed to ensuring that our culture openly reflects our values and to creating the best possible working environment where our people can thrive.

Society

Providing support for local community-led projects and charitable causes.

Environment

Reduced environmental impact – we have committed to reduce our own carbon emissions and to develop impactful and sustainable investment solutions alongside our clients and partners.

Shareholders

To ensure the long-term success of the Group and to deliver enhanced shareholder value through growth in both financial performance and progressive and sustainable capital distributions.

See more on pages 38 and 39

We aim to forge long-term partnerships with clients, acting as their trusted adviser to fully understand their investment objectives in order to develop effective solutions.

Strategic approach

Record's strategic sales objective is to drive accelerated revenue growth diversified by product, geography and client type. It aims to achieve this objective with a sharp focus on the following four areas:

- a broad range of flagship products (which are "best-in-class" amongst their respective competitors);
- a targeted but flexible approach to the sales process;
- strategic partnerships with our clients and the highest levels of client service; and
- strong relationships with other service providers, for example fund management companies or investment consultants.

Flagship products

Record has been a specialist currency manager for almost 40 years and continues to put tailored currency solutions, both risk management and return-seeking, at the core of our offering.

Our currency products and services continue to evolve in line with our clients' requirements in terms of technology, service and investment process. Examples include improvements in efficiency and robustness for our Passive Hedging clients, more flexible and responsive risk management for our Dynamic Hedging clients, new investment strategies (e.g. long-short EM and G3 short-volatility) for our return-seeking clients, and a continuously expanding universe of frontier currencies which we price and execute.

Our currency risk management expertise continues to resonate across Europe and the US, illustrated by growth in assets in both Passive and Dynamic Hedging which has continued in a world that looks a lot more uncertain and risky than a few years ago. Our Dynamic Hedging team has done an excellent job in working with our clients to adjust portfolios regularly (sometimes daily) in sync with market movements.

The Record EM Sustainable Finance Fund ("EMSF"), which we successfully launched in June 2021 in collaboration with UBS Wealth Management, has substantially outperformed its peers throughout the volatile period following the Russian invasion of Ukraine. Our ability to actively manage the currency portfolio and to invest in less liquid frontier currencies has been a big contributor to this achievement.

As the world de-globalises, the importance of multi-lateral development banks ("MDBs") in support of emerging countries is increasing, as is the role of a fund like ours which acts as a conduit between hard and local currency for the MDBs.

A targeted but flexible approach

Beyond EMSF, we have, in collaboration with select investment consultants, seen sales success in the area of alternative credit. We are also preparing a series of mandates in the areas of direct lending, alternative credit, trade finance and infrastructure, all of which include Record to varying degrees in the role of initiator and structurer, distributor, portfolio manager or currency hedger.

This growth on the asset management side of the business is testament to our sales team's ability to address client concerns and add value by crafting existing flagship products into new and unique solutions, and to our investment and operational teams' abilities to deliver seamless implementations.

Clients as partners

Record has long prided itself on client retention and exceptional levels of client service and this forms the base for the creation of any new product or service.

Paramount to developing desirable and client-led products is the input of, and engagement with, prospective clients so that the products truly meet their needs and are a solution to challenges they face. Where possible, we aim to forge long-term partnerships with clients, acting as their trusted advisers. Working in this way with clients, where both sides understand the other's capabilities and desires, allows us to design solutions that directly address the real investment challenges faced by them.

With an expanding range of best-in-class building blocks (created from our flagship products), combined with our sales and investment teams' flexibility and attention to detail, we pursue a path to growing our base of large clients through unique customised offerings.

Service providers and regional focus

Investment consultants have long formed a key part of Record's client engagement and sales strategy and have contributed significantly to our success, which remains as true as ever.

As the range of services that we offer expands with both flagship products and tailored solutions, the importance of service providers across our delivery infrastructure increased, and we are proud to have forged excellent working relationships with select fund management companies, fund administrators, and legal and tax advisers, allowing us to create new investment vehicles fast, reliably and cost-efficiently.

While the investment landscape is relatively standardised when it comes to the locations where investment vehicles are crafted and registered, client requirements (ranging from the investment strategy itself to seemingly more mundane things such as risk or solvency reporting) are often driven by local legal specifications and communication is often affected by cultural norms. To ensure a seamless understanding of client needs, we work with local business partners, as we have in the US, Germany, the Netherlands and the Middle East, across important geographies where we have no large presence ourselves.

Q&A

with Dmitri Tikhonov, Chief Investment Officer

What is it that makes you want to invest your time at Record?
When I joined Record in 2002 as a quantitative analyst, the company had a relatively narrow yet impressive expertise, providing risk management solutions for developed world currencies. Over only a few years the product range expanded to include Currency for Return, emerging market currencies and more sophisticated approaches to currency risk management, expanding our client base in turn. Record is a business that has demonstrated an ability to evolve, innovate and grow. The thrill of participating in this evolutionary process is exciting and rewarding. Record has created a nurturing inclusive internal culture. National and educational diversity offers opportunities for very different individuals to learn and thrive in all parts of the organisation.

What is it about your role that you most enjoy?
My role offers a unique combination of different types of work; analytical and holistic, internally and externally focused, tactical and strategic. This role offers autonomy, as well as opportunity to develop mastery whilst pursuing a clear purpose of serving clients and the business. Working with teams of outstanding individuals is another very important aspect that brings joy to my daily work.

How do you see Record's role evolving over the next few years?
Record has been focusing on the expansion of its expertise beyond developed, emerging and frontier currencies through product diversification. Moving forward, we will continue to deliver unique investment solutions by demonstrating excellence in sustainable and impact-related asset management, sophisticated, multi-faceted FX risk management as well as fixed income and yield enhancement strategies.

Dmitri Tikhonov
Chief Investment Officer

The Group's suite of core products is split into three main categories: Currency Risk Management, Return-Seeking products, and Multi-product.

Currency Risk Management

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 continually 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

Passive Hedging mandates have the cost-effective reduction of currency risk as their sole objective. This is achieved through symmetrical and unbiased elimination of currency exposure 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; and
- management of cash flows.

Enhanced Passive Hedging

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

Dynamic Hedging

Record's Dynamic Hedging product is an alternative to Passive Hedging and has reduction of currency volatility as well as generating value as dual objectives. The Dynamic Hedging product seeks to allow our clients to benefit from foreign currency strength while protecting them from foreign currency weakness relative to their own base currency.

Value is generated entirely through the asymmetric reduction of pre-existing currency risk and Dynamic Hedging's ability to outperform Passive Hedging is dependent on trending in currency markets.

We also offer bespoke solutions tailored to individual client requirements.

Return-Seeking

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

Currency Multi-Strategy

The Currency Multi-Strategy range includes six principal strategies, being Carry, Emerging Market, Momentum, Value, Range Trading and Short Volatility, and it is possible to offer these in either a segregated or pooled fund structure.

These strategies can be combined in different weightings that appeal to particular market segments under Record's Multi-Strategy approach, which 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. 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.

Record EM Sustainable Finance Fund ("EMSF")

The EMSF was developed with the aim of investing currency with impact by combining strategic investment in currencies, an underlay of impact bonds, and focused counterparty engagement.

Emerging and frontier economies often rely on loans denominated in foreign currencies to progress. However, currency volatility can act as a major barrier to the development of domestic capital markets and the creation of economic wealth. The costs of insuring the currency risk can be high and subject to large fluctuations, leaving local businesses and communities unprotected and vulnerable. The number of affected emerging market countries is vast, creating a large and diversified target universe for the fund.

Multi-product

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.

Municipal Loan Fund

In January 2022, Record announced the launch of a new private debt fund ("KOMMUNALIS+"), investing primarily in municipal loans. Record acts as asset manager, in partnership with technology investment specialists European Debt Solutions ("EDS") and leading European fund service provider, Universal-Investments Group ("Universal"). The fund is an open-ended special AIF, registered in Luxembourg.

The new technologically enabled alternative investment fund aims at achieving returns of 60 basis points (0.60%) over Euribor, with two-month liquidity, by investing in short-term loans to European Municipalities and adding short-term receivables from investment grade EU corporates. The fund utilises EDS's innovation and Universal's expertise to provide a highly efficient fund service platform for European investors. Initial funding is expected by the end of the first half of FY-23.

Cash and other

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

Information on product investment performance is given in the Operating review section (pages 40 to 43).

Our market environment and industry trends.

Our market

The currency market represents the biggest and most liquid financial market available, with exceptionally low transaction costs and daily FX volumes averaging $6.6 trillion (source: BIS Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives Markets 2019).

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 we believe 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.

Industry trends

Increase in demand for sustainable investment products

The last twelve months have seen an acceleration in the widespread incorporation of sustainability-linked factors in investment products as investors become ever more focused on resilience. With broad understanding that "non-financial" data (climate, social, governance, etc.) can more completely fortify portfolios to weather global shocks, asset managers have had to review the remits of fiduciary duty to take account of these fast-evolving investor preferences and broader understanding of material risk. Pandemic contagion flagged risks that occur concomitant with an increasingly interconnected world, reliant upon global supply chains and geared by closely intertwined national economies. Long-term climate risks and the global consequences of seemingly idiosyncratic sovereign-level physical risks are therefore now better comprehended in their magnitude, and the importance of international co-operation more seriously acknowledged. Investors have translated macroeconomic risks into portfolio risks, using frameworks such as that of the Sustainability Accounting Standards Board ("SASB") and the Task Force on Climate-Related Financial Disclosures ("TCFD") to understand what this means for the resilience of their investments, and it is the responsibility of asset managers to respond with credible and prudent sustainable solutions. For a summary of Record's TCFD disclosures, please refer to pages 32 to 35.

Global and macro trends

Inflation comeback amidst covid-19 policy overhang and geopolitical conflicts

As the covid-19 pandemic showed signs of morphing into an endemic following a successful vaccination campaign and the natural course of virus mutations, market attention turned towards pandemic policy overhangs and the implications for global asset classes. Pent-up demand from precautionary savings, commodity price increases and supply side disruptions all contributed to an inflation comeback in the second half of FY-22. This fuelled debate as to whether the new-found ability of developed economies to generate price increases was only transitory in nature or now a permanent fixture of the global economy. Adding to the complexity of this assessment were further commodity price shocks as Russia began its invasion of Ukraine; with inflation no longer appearing transitory, central banks telegraphed their respective responses and most developed market central banks saw rapid tightening cycles priced. Although most central banks indicated higher forthcoming interest rates, these were not always commensurate with the expected levels of inflation, and stagflationary dynamics began to weigh on the euro and British pound in particular. The Bank of Japan was steadfast in its commitment to loose monetary policy, which saw the currency decline significantly versus the US dollar. The US dollar on aggregate made an impressive recovery from the year prior, benefiting from the "USD smile", referring to positive performance during both risk-off (via safe haven demand), and risk-on (via US economic exceptionalism and Fed hawkishness) economic environments.

What this means for our business

Record's Currency for Return strategies are designed to target persistent market patterns and risk premia. As economic, political and societal norms change, so must our approach. As such, we constantly challenge the assumptions underlying our investment process. During the period we evolved our flagship Emerging Markets ("EM") product to move away from a long-only currency approach and towards a long-short methodology, which seeks to capture the trend towards greater heterogeneity of economic outlooks and return outlooks within the EM universe. Such an approach is better placed to exploit the various risk premia available in EM currencies, while benefiting from reduced sensitivity to broader risk sentiment emanating from external factors such as financial tightening elsewhere in the world including the US.

The strong performance of the US dollar during the period emphasised the benefits of active hedging strategies; Dynamic Hedging performed as expected, protecting US investors against foreign currency losses with higher hedge ratios when the US dollar strengthened, whilst limiting associated costs for strengthening base currencies such as the euro investors via lower hedge ratios. The rapid repricing of inflation risk and monetary policy tightening breathed life into short-term interest rates and the FX basis, which presented opportunities to add value in enhanced Passive Hedging programmes through the active management of hedging tenor lengths. In addition, building on the prolonged effects from the pandemic, various idiosyncratic country crises affirmed interest in the bespoke management of EM currency exposures, where we are working with clients to help understand the risks emanating from EM currency and the various approaches that can be taken to manage such risks.

Record has also focused on developing sustainable finance strategies with a defined goal of achieving meaningful positive impact within the emerging market community. Record and UBS Global Wealth Management announced a strategic partnership by collaborating on the launch of the Record Emerging Market Sustainable Finance Fund ("EMSF"). This unique investment strategy demonstrates a commitment to innovation and the development of new sustainable investment products, which Record expects to have broad and growing appeal. The strategy's impact thesis spans a multidimensional investment process, remaining active across the economic cycle in liquid and illiquid EM and Frontier currencies in pursuit of stabilising local market exchange rates and absorbing currency risks, whilst simultaneously investing in an underlay of sustainable development bonds issued by multilateral development banks with a strong track record of deploying sustainable development capital in emerging economies. The strategy's ambitions are reinforced through an active engagement strategy with counterparty banks, incentivising improvements in counterparties' performance across the ESG spectrum.

Review of the year ended 31 March 2022.

Market review

The financial year began in a risk-on fashion as a number of economies emerged from winter lockdowns following heavy vaccination drives which helped to alleviate stress on healthcare systems. It was heterogeneity in vaccination rates that initially captured investors' attention, in particular the developed versus emerging market divide, with IMF officials warning of disparate recovery paths given developing countries' dependence on tourism and weaker public finances. Indeed, the currencies of countries with favourable inoculation rates received "vaccine dividends" as markets priced in faster recoveries and faster monetary policy tightening cycles.

The early summer gave way to the "transitory inflation" narrative in central bank communique, with Fed officials attributing temporary pressures to a range of factors including base effects, pandemic stimuli, ongoing supply chain issues, and economic re-opening. Similarly elevated inflation prints across the developed market spectrum saw a hawkish tilt in central bank forward guidance with the Reserve Bank of New Zealand ("RBNZ") and Norges Bank signalling rate hikes later in the year, the Bank of England ("BoE") signalled the tapering of asset purchases in late 2021, whilst the Bank of China ("BoC") reduced asset purchases in April.

Mid-summer marked a significant convergence in the vaccine race as Developed Markets ("DMs") and several Emerging Markets ("EMs") including the likes of the Euro Area, Canada, Turkey, Chile and Brazil made marked headway in vaccination distribution, closing the gap with leaders of the US and UK. Though growth prospects looked rosier, global covid-19 nervousness remained elevated in view of the highly infectious but seemingly less-deadly Delta variant. Government responses varied, including pockets of localised lockdowns linked with small outbreaks (particularly in the Asia-Pacific region including Australia and New Zealand), delayed reopening schedules (UK by a month through to July) and upping the ante with quarantine/travel restrictions (notably seen between UK and EU countries).

The Fed Jackson Hole Economic Symposium in August passed uneventfully, with Fed Chair Powell noting higher interest rates were still "a way away", reiterating the "transitory" nature of recent inflation prints. Another notable dynamic remained the increasing hawk-dove division as a few regional Fed presidents, including Waller and Bullard, vocally advocated for immediate bond purchase tapering in light of inflation risks and healthier labour market dynamics. Hawkish moves were initiated by DM policymakers into the last quarter of the year as committees aimed to balance inflation targets and expectations against economic growth and labour market recoveries. The RBNZ and Norges Bank became the first central banks to embark on their rate hiking cycle, whilst markets were also surprised by the BoC ending their bond buying programme, and the Reserve Bank of Australia ("RBA") abandoning Yield Curve Control on three-year bonds.

The second half of the year saw several idiosyncratic risk episodes in emerging markets. In China, a heavy regulatory crackdown on its education and big technology sectors, followed by rising concerns that China's real estate behemoth Evergrande faced a major solvency and default crisis, generated market volatility. The Turkish lira again experienced a crisis episode in Q4, triggered by consecutive Central Bank of the Republic of Turkey's interest rate cuts since mid-summer despite headline inflation reading in excess of 19% year-on-year during this time period.

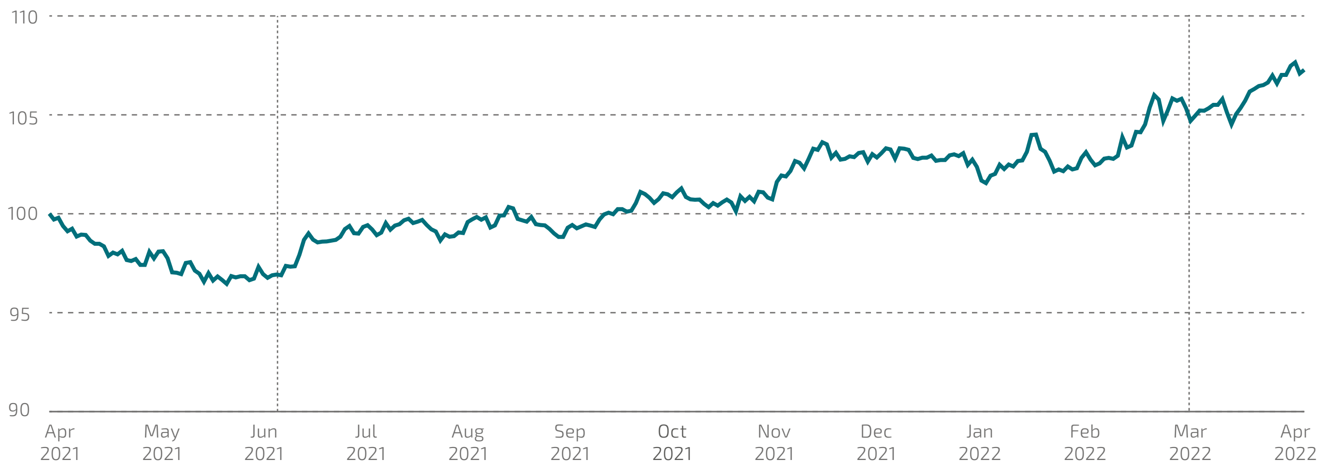
Global market sentiment then took pause towards calendar year end with the emergence of the highly infectious Omicron variant, with multiple countries scrambling to levy stringent travel restrictions and a degree of local restrictions re-introduced. Yet, global daily caseloads declined towards the end of the financial year, supporting risk sentiment, and owing to combined efforts of local restrictions and viral resistance from boosters/previous infections which saw a general "living with covid-19" theme emerge. China remained an outlier as the last major country which keeps up to its zero-covid-19 policy with the recent rise in infections seeing multiple cities/provinces placed under stringent lockdowns.

Markets continued

The last months of the financial year were largely characterised by the escalation and eventual invasion of Ukraine by Russia. Western countries enacted a swift and unified economic response, imposing a moratorium on transactions with the Central Bank of Russia, freezing Russian assets held in domestic banks and blocking the Nord Stream 2 pipeline project. Consequently, the risk of a larger regional war and surging energy and agriculture prices fed into market concerns and risk-off sentiment. Investors were particularly concerned about the European growth and inflation picture given oil and gas dependence on Russia. Rallying commodity prices as a result of the Russia-Ukraine war markedly benefited commodity-linked currencies, such as the Norwegian Krona ("NOK"), Australian Dollar ("AUD") and the Canadian Dollar ("CAD") towards the end of the year.

Faced with the ongoing uncertainty of inflationary pressures and persistent inflation overshooting relative to its targets, G10 central banks largely abandoned all notions of transitory inflation by the end of the fiscal year, escalating their fight against inflation with more aggressive hiking language and several banks enacting rate hikes, including the Federal Open Market Committee ("FOMC") (+25bps) and BoE (+50bps). The latest Fed dot plot showed officials' median projection was for the benchmark rate to reach around 2.0% towards the end of 2022, then 2.8% in 2023 and 2024. The Bank of Japan ("BoJ") and Swiss National Bank ("SNB") remained at the back of the pack with regard to policy tightening, whilst the European Central Bank ("ECB") sought to balance the risks from surging inflation, a fragile economy and the potential for financial market "fragmentation" as emergency bond purchases are unwound. The prospect of premature policy tightening forced by a sudden resurgence in inflation remains a key risk in the minds of investors going into the 2022 financial year. Overall, the US dollar performed well for most of the year, reflecting a mixture of risk-off market sentiment, US economic exceptionalism, and relative insulation to commodity price shocks from the war in Ukraine.

US dollar trade-weighted spot exchange rate
Index, 31 March 2021 = 100
Source: Record, Macrobond.



Our strategy is to offer clients unique, opportunistic and sustainable solutions which are highly valued and well rewarded.

Our strategy recognises the strengths and expertise of our business built over nearly 40 years, and combines this with the adoption of modern technology and differentiated skill sets through collaboration with like-minded, specialist partners. This approach allows us to offer our clients unique, opportunistic and sustainable solutions to meet their differentiated investment objectives – solutions which are highly valued and well rewarded.

We use our long-standing and trusted adviser relationships with current clients as an opportunity to collaborate and develop new ideas alongside willing participants. Collaboration with our partners gives further opportunity to expand our client base and relationships. The ability for us to connect to modern, third-party systems as opposed to using in-house systems development has both strengthened and diversified our business, leading to more robust and efficient processes. Technology continues to evolve at a pace and our investment in technology and modernisation will continue to evolve alongside, ensuring our aim of remaining a high-quality, innovative, client and technology-led business continues to adapt accordingly.

Modernisation

The continued modernisation of our business is key to our future security and commercial success. Investing in new technology is essential for ensuring our business remains competitive in the fundamental areas of product innovation, client servicing and productivity. It allows us greater flexibility to adapt in response to changes in markets and investor appetite, whilst providing more efficient working practices and scalable solutions.

Diversification

Diversification of our business is critical to our growth strategy as we move from a niche currency and derivatives manager to becoming an alternative asset manager. Our expertise in currency and derivatives married with that of our specialist partners allows for the development of innovative and structured solutions that fulfil specific investor and market requirements, including impactful and sustainable investment products. The key to achieving successful diversification includes achieving diversity across all aspects of our business, including our people, products, client types and geographies, specialist skill sets and alternative markets.

Succession

We are fundamentally a people business with a focus on nurturing and developing existing members of our team, whilst attracting future talent to bring new and diverse skills and ideas to the business. As our business moves into a new era, more opportunities arise for developing the future talent and senior management of the Group and it is vital for our future success that these individuals are retained and encouraged to take more responsibility, add value and become long-term employees and equity holders in Record.

Modernisation

Q+A with Rebecca Venis, Chief Technology Officer

What is it that makes you want to invest your time at Record?
It is an easy choice to invest time at Record because there are so many opportunities to make a difference to the business. Record has seen real growth in recent years, which validates everyone's hard work and makes investing time in the business incredibly rewarding.

What is it about your role that you most enjoy?
As the business continues to diversify, every team is challenged to adapt and drive forward our products, services and capabilities. I have loved helping people across the business grow in skills and confidence as they seize the opportunities presented to them. What is even more rewarding is seeing those who are brave and take on new challenges, receive the recognition and respect they deserve.

How do you see Record's role evolving over the next few years?
We will continue in our role of being a trusted and reliable partner capable of solving problems for clients. As we expand our global footprint and our partnerships, we will be able to solve more problems, for more clients, more effectively.

Rebecca Venis
Chief Technology Officer

Diversification

Q+A with Jan Witte, Global Head of Sales

What is it that makes you want to invest your time at Record?
I find working at Record incredibly exciting, so I greatly enjoy it as a way of spending my time. I am also proud of what we are building and we all identify strongly with it, which makes it very rewarding to see the excellent progress we are making and the strong forward momentum we have.

What is it about your role that you most enjoy?
The people. Across colleagues, clients, business partners and service providers, I feel privileged to be able to work with such reliable, impressive, focused and professional people from all over the world. We have become a truly global business and the progress we are making in some areas is exhilarating. I also enjoy the camaraderie that spans across the many different teams we work in and the financial industry in general as an infinite source of exciting new ideas.

How do you see Record's role evolving over the next few years?
Having made a deliberate effort to diversify our product and service range over the last few years, we are now being disciplined in identifying and prioritising those initiatives which will allow us to become a network of collaborating best-in-class entities; a fantastic vision to work towards.

Jan Witte
Global Head of Sales

Succession

Q+A with Kevin Ayles, Head of Human Resources

What is it that makes you want to invest your time at Record?
We have formed a strong new leadership team, with a clear vision, and I feel that we are energised to work collectively to deliver the strategy. The Record team is very capable, hardworking and creative and being part of this makes this a place where I want to invest my time.

What is it about your role that you most enjoy?
Personally, I find it very rewarding to see my colleagues flourish with the opportunities that they have been given. My team and I will now prioritise providing training, coaching and support to those taking on new responsibilities as well as continuing to identify and nurture talent.

How do you see Record's role evolving over the next few years?
Our core strategic priorities of diversification, modernisation and succession all combine to provide very exciting opportunities for Record to continue to evolve in currency management, sustainable investing and asset management. With the development of the business comes opportunities for our colleagues to grow and work together to deliver unique solutions for our clients.

Kevin Ayles
Head of Human Resources

Measuring our performance against our strategy.

Financial KPIs

Revenue (£m)

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

Year	Revenue (£m)
2022	35.1
2021	25.4
2020	25.6
2019	25.0
2018	23.8

Why this is important

Revenue is a key indicator of client experience, growth and a key driver of profitability. Growth in AUME, especially into Record's higher revenue-margin products, resulted in a 37% increase in management fees. Revenue also includes performance fees, which increased by £0.4m to £0.5m (2021: £0.1m).

Link to strategy

Diversification

Modernisation

Operating profit margin (%)

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

Year	Operating profit margin (%)
2022	31
2021	24
2020	30
2019	32
2018	31

Why this is important

Operating profit margin is an indicator of the efficiency of the business in turning revenue into profit. Inflows into higher revenue-margin products in addition to efficiencies seen from the adoption of technology in operational areas both contributed to the increase in operating margin to 31% for the year.

The Group aims to increase the operating profit margin over time through investment in resources and technology to maintain its premium products and services, whilst increasing operating efficiency and developing more diversified revenue streams in higher-margin products.

Link to strategy

Diversification

Modernisation

Basic earnings per share ("EPS") (pence per share)

The Group aims to create shareholder value over the long term, delivered through progressive and sustainable growth in EPS.

Year	Basic EPS (pence per share)
2022	4.52
2021	2.75
2020	3.26
2019	3.27
2018	3.03

Why this is important

EPS measures the overall effectiveness of the business model and drives both our dividend policy and the value generated for shareholders. Similarly to operating profit, EPS has increased this year as the benefits from the implementation of the new strategy begin to deliver results in financial terms.

Link to strategy

Diversification

Modernisation

Succession

The Board uses both financial and non-financial key performance indicators ("KPIs") to monitor and measure the performance of the Group against its strategic priorities.

Some KPIs link to specific strategic areas as noted below, whilst others represent higher level key metrics in terms of the Group's business and financial performance.

Dividends per share ("DPS") (pence per share)

Our dividend policy targets a level of ordinary dividend within the range of 70% to 90% of annual earnings, and which allows for progressive and sustainable dividend growth in line with the trend in profitability.

Ordinary

2022	**3.60**
2021	2.30
2020	2.30
2019	2.30
2018	2.30

Special

2022	**0.92**
2021	0.45
2020	0.41
2019	0.69
2018	0.50

Why this is important

Progressive and sustainable dividend payments illustrate the cash-generative nature of Record's business, and its strength in converting profits into cash and providing a suitable return to shareholders. The ordinary dividend per share has increased by 57%, reflecting the Board's confidence in the ability of the business to deliver its strategy and to achieve sustainable growth. The special dividend per share has increased by 0.47 pence, resulting in a 64% increase in total dividends to 4.52 pence per share (2021: 2.75 pence per share).

Link to strategy

Diversification

Modernisation

Succession

Measuring our performance against our strategy.

Non-financial KPIs

AUME ($ billion)

As a currency and derivatives manager, Record manages only the impact of foreign exchange and not the underlying assets of its clients, therefore its Assets Under Management ("AUM") 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.

2022	**83.1**
2021	80.1
2020	58.6
2019	57.3
2018	62.2

Why this is important

AUME is an alternative performance measure and further detail on how it is defined is provided on page 148.

AUME is a key driver of future revenue and an indicator of business growth. AUME increased by 3.7% for the year, including net inflows of $2.4 billion diversified across product lines.

Link to strategy

- Diversification
- Modernisation
- Succession

Client longevity (%)

Client longevity measures how long Record has been providing currency and derivative management services to each client with a mandate active as at 31 March 2022.

>10 years	20%
6-10 years	11%
3-6 years	29%
1-3 years	27%
0-1 year	13%

Why this is important

Client longevity is both an indicator of recent client growth, and also of the Group's success in sustaining quality client relationships through investment cycles. Building long-standing and trusted adviser relationships with clients provides opportunities for collaboration and partnerships on new and innovative investment products.

Link to strategy

- Diversification

Average number of employees

The average number of employees through the year includes Non-executive Directors.

2022	**82**
2021	83
2020	82
2019	85
2018	81

Why this is important

Average employee numbers is an indicator of business growth and also of how effectively the Group is using technology to make processes more efficient. Implementing the new strategy has required a change in mix of required skill sets of employees, so whilst the average number of employees has not changed significantly, a degree of employee turnover has brought additional knowledge and experience into the Group required to drive innovation and the diversification into new products and technology.

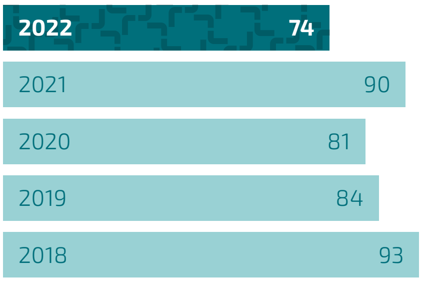
Link to strategy

- Diversification
- Modernisation
- Succession

Key performance indicators continued

Staff retention (%)

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



Why this is important
Planning for generational change is key to the Group's strategy. A decrease in staff retention in the year reflects the focus on rebalancing the skill sets required by the business to drive the innovation and growth required to deliver the strategy. The Group remains cognisant of ensuring the retention and development of key talent as well as the factors affecting all of our employees' wellbeing.

Link to strategy

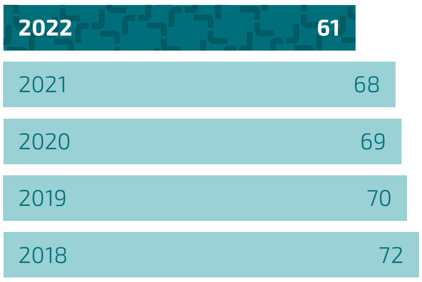
Diversification

Modernisation

Succession

Employees with equity interest (%)

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



Why this is important
The alignment of employee interests with those of our shareholders is an important factor in ensuring the longer-term success of our business and is an important tool in managing generational change. The decrease this year is linked to changes made under the new strategy resulting in a higher turnover of staff and consequently a short-term decrease in employees holding shares. The Group's remuneration structure includes schemes with both mandatory and voluntary equity participation, reflecting the importance the Group places on alignment.

Link to strategy

Succession

Sustainability encompasses many aspects of business operations, including both strategy and investment as well as business practice, community engagement and our workforce.

In conducting its business operations, the Group has a responsibility to its stakeholders and the environment.

Sustainability pillars:

Responsible investment

See more on page 28

Our people

See more on pages 30 to 31

Climate action

See more on pages 32 to 36

Responsibility for sustained and meaningful progress within the area of sustainability lies with our Sustainability Office.

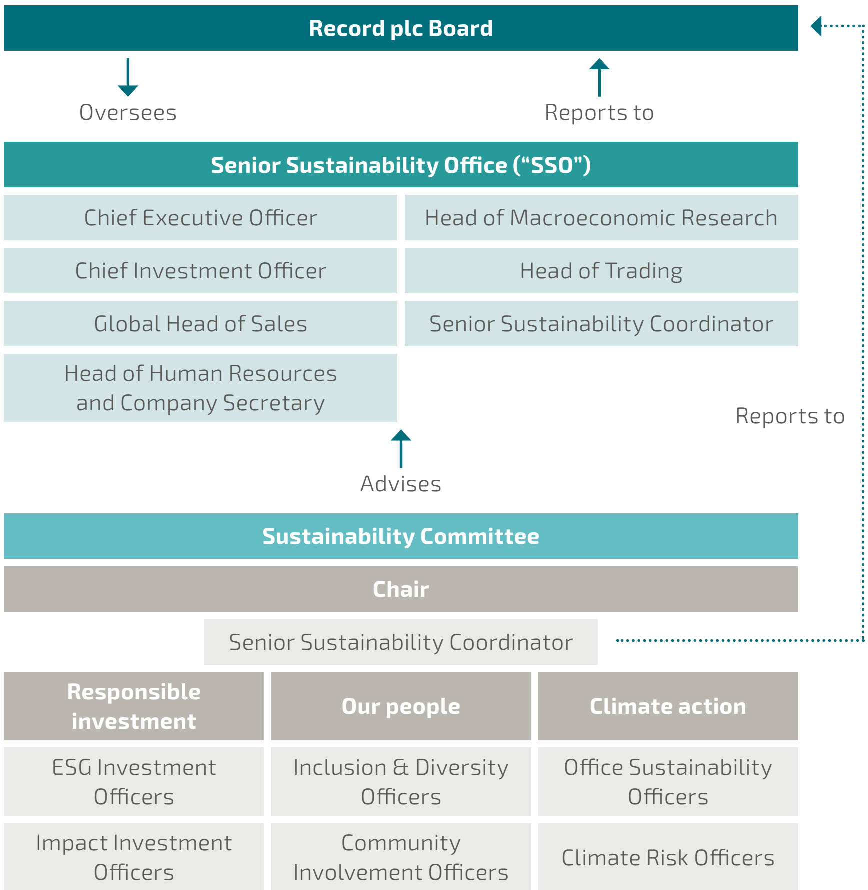
Governance

The Office is constructed of our Senior Sustainability Office ("SSO"), the Sustainability Committee and the Senior Sustainability Coordinator.

The SSO is comprised of key senior business leaders who take responsibility for setting the sustainability strategy and proactively integrating sustainable practices across the business. The Sustainability Committee is a broader committee that seeks to gather ideas and recommendations from across seniority and teams within the business, as well as taking responsibility for implementing ESG initiatives. The Sustainability Committee has formalised the key officer roles to delegate responsibility in line with our three key areas of sustainability: responsible investment, our people and climate action, with the aim of expanding the scope of our efforts by utilising more time and resources, and engaging more of our workforce to have responsibility on these key components.

The Senior Sustainability Coordinator acts as conduit between the two committees, representing and voicing the views of the Sustainability Committee at the senior level.

Sustainability organisational chart



Responsible investment

Record has identified responsible investment as an essential prerequisite to successful, resilient and prudent investment management.

Philosophy
Record has identified responsible investment as an essential prerequisite to successful, resilient and prudent investment management. Consideration of environmental, social and governance ("ESG") factors within investment strategy was a natural extension of its corporate philosophy, and continues to infuse its strategy development and perception of risk factors going forward. As part of our drive to incorporate ESG factors into active currency products, Record has worked in collaboration with Oxford-based researchers to extend the boundaries of ESG beyond its existing base in equities and bonds, to encompass the currency markets. This manifested in the creation of one of the first ESG Emerging Market Currency for Return strategies in 2018, and has continued to evolve since into a focus on sustainable investment with impact.

Collaboration
Record is actively exploring ways to collaborate with external parties, including clients who might wish to apply the methodology to reflect their own specific preferences and views on various elements of sustainable finance. Record's research is ongoing, responding to improvements in available data, as well as developing and improving on its own strategies and building and innovating new approaches to maintain its place at the forefront of research in such a fast-developing space. We purposefully seek to diversify our product offering through working with third parties. Our aim is to develop and identify unique investment opportunities both within currency and potentially across other asset classes, as we did in the development of the Record Emerging Market Sustainable Finance Fund.

Record Emerging Market Sustainable Finance Fund ("EMSF")
During 2020, Record continued to pioneer research in this space, developing an Emerging Market Sustainable Finance product that combines strategic investment in currencies, impact bond collateral and counterparty engagement to nurture and enhance development in the currency universe countries. This research culminated in the successful launch of the EMSF in June 2021, in collaboration with one of our partners, UBS Global Wealth Management in Switzerland.

Currency
The Record EM Sustainable Finance strategy aims to stabilise currencies, which in turn can facilitate development and harness the growth potential in developing countries, in accordance with the academically supported theory that EM currency stability is a key prerequisite for equitable and sustainable economic and social development.

Correctly deployed, currency is an essential tool in contributing to sustainable development in less-developed economies and in creating a lasting positive impact. This is achieved via two channels: the Stabilisation Factor and the Capital Incentive Factor. The fund seeks also to widen the universe of currencies, extending to more illiquid currencies in order to broaden the scope of impact.

Fixed income
In 2019 Record began using its own capital to invest in Impact Bonds, organised through international and regional multilateral organisations which align with the UN Sustainable Development Goals ("SDGs"). Record believed this would not only aid development and achieve impact, but also presented an opportunity to gain experience in dealing, holding and reporting on Impact Bonds which underscored the fixed income component of the EMSF.

The fixed income strategy uses cash and invests in US dollar-denominated sustainable development bonds which are primarily issued by highly rated multilateral development banks ("MDBs"). The strategy can also invest in other impact debt instruments such as green, social and sustainability bonds issued by sovereigns and agencies. The fixed income strategy is designed for investors who desire to make a positive economic, social and environmental impact by channelling financial resources to sustainable projects in low and middle-income economies.

ESG Counterparty Engagement Strategy ("ESG-CES")
The ESG-CES creates a watertight strategy which aligns our execution with the aims of the overall strategy. Our counterparty banks are considered as part of the financial supply chain, and therefore the ESG risks associated with counterparties represent a supply chain risk.

We thereby evaluate our counterparty bank panel using primary, AI and third-party ESG data to create an aggregated proprietary ESG score used to direct flows towards more sustainable banks. Crucially, this is paired with regular engagement calls and quarterly reports to encourage progress on key areas such as diversity, fossil fuel financing and misconduct, internalising the externalities of our banks on wider stakeholders.

Our people

We believe that investing in our staff and developing their potential is key to the success of the business.

Workplace

Record's working environment is designed to encourage bright, dynamic and committed individuals to thrive. We believe that investing in our staff and developing their potential is key to the success of the business and our policies and practices reflect this. We actively listen to our employees to help us understand their opinions, ideas and suggestions. In this year's employee engagement survey, 86% of employees took the time to have their say and respond, helping us understand the underlying themes which matter most.

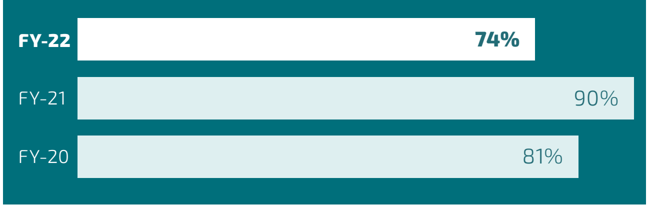
The Group's offices both in London and Windsor have been designed to allow all departments to work together in an open plan environment. The open plan office allows ease of communication between departments, as well as enabling staff to work closely with senior management. This year we have been able to welcome colleagues back into the office with the introduction of a hybrid working pattern, giving a balance between flexibility and providing an environment which fosters teamwork and innovation.

The office environment and culture promote staff development and training. In October 2021 we partnered with Advancing Women Executives ("AWE") to run an accelerator programme for mid-level women to provide the relevant training and networking opportunities which are critical for career advancement. All staff are invited to participate in Company update meetings which are led by the Chief Executive Officer. The Group also provides study support to employees who wish to pursue relevant professional qualifications. The Board has established a staff-run welfare committee which organises team-building and other social events, enhancing interaction between different departments within the business.

In addition, the Group continues to provide a number of other benefits to employees, including pension, private medical cover, life insurance, permanent health insurance, maternity and shared parental benefits, and subsidised gym membership. A new ultra-low emission ("ULEV") car benefit scheme was implemented to continue our commitment to sustainability through employee benefits. All employees participate in 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. All employees are also offered the Employee Assistance Programme, which provides 24/7 confidential telephone support from qualified counsellors as well as online computerised cognitive behavioural therapy, to support anyone struggling with mental health issues.

The Group has an established internship programme for students and during the year welcomed interns from the London School of Economics and Political Science, University of Manchester, University of Warwick and the University of Bath.

Staff retention %



This year's reduction in staff retention reflects the change in our business strategy, in particular our succession planning, which saw higher levels of recruitment adding additional skillsets and some changes at senior levels within the business filled through internal promotions wherever possible. We would expect our staff retention to increase or normalise back to near previous levels going forward.

Our people continued

Human rights

Record's policies and procedures with regard to human rights are in line with internationally recognised human rights standards, such as the guidelines issued by the UN Global Compact, to which Record is a signatory. We comply with human rights standards across each of the countries we operate in and we work to ensure that there are no instances of modern slavery, human trafficking, child labour or any other form of human rights abuse within our organisations.

In April 2022 we published our first Modern Slavery Act statement in line with the government guidelines under the 2015 UK Modern Slavery and Human Trafficking Act. Strictly we are not legally required to report, but we recognise our corporate responsibility to ensure modern slavery is not taking place in our organisation, and our policy outlines the procedures we have in place to identify and prevent modern slavery both in our own operations and in our supply chain. See our policy on: recordfg.com.

Inclusion and Diversity

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

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

The Group believes that valuing what is unique about individuals and drawing on their different perspectives and experience will add value to the way the Group does business.

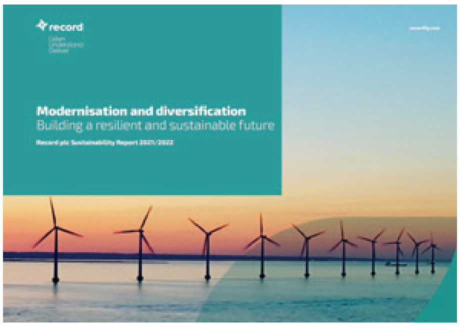
By accessing, recruiting and developing talent from a diverse pool of candidates, the Group can gain an insight into different markets and better support client needs through producing innovative and sustainable investment products.

The Group aims to create a productive environment, representative of different cultures and groups, where everyone has an equal chance to succeed.

The Group has made significant progress towards its Inclusion and Diversity Action Plan, a summary of which can be viewed in this year's Sustainability Report 2021/2022 on pages 22 to 25. See more: recordfg.com.

This year has seen the creation of the **Inclusion and Diversity Network** ("I&D Network"), an umbrella group that consolidates Record's previous networks established in 2020 (Ethnic Diversity Network and Gender Equality Network). As a smaller organisation, the decision to consolidate the Ethnic Diversity and Gender Equality networks into one, all-inclusive I&D Network was taken to allow us to better reach, represent and benefit the diaspora of underrepresented groups across the spectrum. At the same time, the network allows us to account for and understand the intricate intersectionalities of identities as well as the individuality of experiences of our colleagues both within the workplace and society. The network seeks to engage with industry and community-wide initiatives, conducting key support for charities and initiatives such as Destiny Transformers and The Great Project.

The network has purposely rebranded with the emphasis of putting Inclusion (versus Diversity) first in the name, as the former focuses on whether an individual feels valued, respected, accepted and encouraged to actively participate in a workplace setting. We recognise diversity as a key part of an inclusive culture, and aim to foster a workplace which is welcoming and supportive to all employees from all walks of life.



Read more in our sustainability report
recordfg.com

The gender diversity within the Group is shown below:

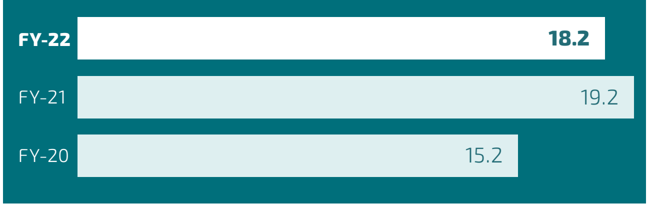
Gender balance	Female		Male	
As at 31 March 2022	number	%	number	%
Board Directors	2	33%	4	67%
Senior management	6	24%	19	76%
Other staff	25	45%	31	55%
All employees	**33**	**38%**	**54**	**62%**

See our separate Sustainability Report, on page 27 for our Gender Pay Gap and further diversity data and more information on our diversity initiatives.

Community

Record recognises its obligations and responsibility to contribute to the wider community outside of the firm. Over the course of the year, the Group made charitable donations totalling £18.2k. Our charitable giving is focused on employee choice, with the Group matching employee donations and sponsorship. The Group continues to encourage employees to participate in fundraising activities for charitable causes and this year employees participated in a variety of events, including charity lunches and fundraising competitions. Examples of supported charities and causes included The Link Foundation, Jeans for Genes, SEBS Action Trust, Orphans in Need, Mind, Thames Hospice and Destiny Transformers. A scheme allowing UK employees to give to charity through the payroll is also offered.

Charitable donations (£'000)



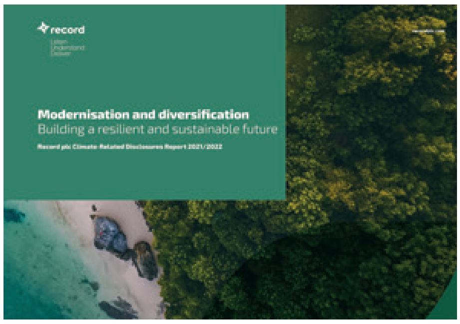
We also provide financial assistance to students studying at Balliol College, Oxford through a bursary scheme, which provides grants to students who aim to pursue ambitions which will benefit the wider community, for example in medical or charitable fields.

Climate action

This year, Record made significant progress to reduce our Scope 2 emissions by becoming 100% renewable across our UK operations.

Net Zero
Last year the Group made the commitment to become net zero by 2050. In this year's Climate-Related Disclosure Report 2021/2022 we have set interim emission-reduction targets for the year 2030 to ensure immediate climate action is taking place and we outline our net-zero principles.

TCFD
The Group publicly supports the Task Force on Climate-related Financial Disclosures ("TCFD"). The following table provides a summary of our response to the TCFD recommendations. We provide supplemental detail in our Climate-Related Disclosures Report 2021/2022 in order to provide a more comprehensive assessment of how the Group incorporates climate-related risks and opportunities into our governance, strategy, risk management, and metrics and targets.



Read more in our climate report
recordfg.com

Governance

TCFD Recommendations	TCFD Compliance	Current status	Reference page[1]
Describe Board-level oversight of climate-related risks and opportunities.	Compliant	• The Board has complete oversight of climate-related risks and opportunities posed to our business operations, including progress towards our strategic goals and disclosures made in climate and sustainability-related reports.	Pages 6 and 7
Describe management's role in assessing and managing climate-related risks and opportunities.	Compliant	• The Board delegates overall responsibility for managing operational climate-related risks and opportunities to the SSO and our Head of Business Risk, with support from the Sustainability Coordinator and the Sustainability Committee. • Overall responsibility for managing investment climate-related risks and opportunities sits with our Investment Committee and the Investment Management Group.	Page 6 Page 7

1. All page numbers relate to our climate report, available at: recordfg.com

Strategy

TCFD Recommendations	TCFD Compliance	Current status	Reference page[1]
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Compliant	• We identified a number of transitional climate-related risks and opportunities that we believe are material to our business. • Our assessment concluded that physical climate risks do not pose a material threat at this present time. • Each risk and opportunity has been considered in terms of the likelihood of occurrence, the financial impact it could have on the business, and the time horizon over which it could occur.	Pages 16 to 18 (Risk management section)
Describe the impact of these climate-related risks and opportunities on the organisation's business, strategy and financial planning.	Compliant	• Each of the climate-related risks and opportunities identified in our assessment have been integrated into our climate change strategy to ensure we are mitigating risks and acting on opportunities.	Pages 9 to 14
Describe the resilience of the organisation's strategy, taking into account different climate-related scenarios, including a 2ºC or lower scenario.	Partially compliant	• Our current climate-related risk and opportunity assessments are based off a lower than 2°C warming scenario. • Outcomes of this scenario were considered while developing our current climate change strategy. Work in progress: We will assess climate-related risks and opportunities in line with a higher than 2°C warming scenario to evaluate the resilience of our current strategy.	Page 16
Additional recommendations included in supplemental guidance for asset managers.	Partially compliant	• Record integrates ESG and impact considerations as much as possible across our investment processes, and climate change falls within this. • In particular, our Emerging Market Sustainable Finance ("EMSF") strategy is categorised as Article 8 under the Sustainable Finance Disclosure Regulation and is therefore defined as promoting environmental and social characteristics. Work in progress: We will assess how our hedging strategies might be affected by the transition to a low-carbon economy.	Page 12 and Pages 19 and 20

1. All page numbers relate to our climate report, available at: recordfg.com

Climate action continued

TCFD continued

Risk Management

TCFD Recommendations	TCFD Compliance	Current status	Reference page[1]
Describe the organisation's processes for identifying and assessing climate-related risks.	Compliant	• Climate risks are primarily identified and assessed by our Head of Business Risk and the Sustainability Office working on an ongoing basis to evaluate any identified climate-related risks. • The risk framework defines risks qualitatively, with an assessment of materiality and comparison with appetite undertaken on a judgement and collaborative basis.	Page 19
Describe the organisation's processes for managing climate-related risks strategy and financial planning.	Compliant	• Once identified and evaluated, strategies for material risks are developed in collaboration between the Sustainability Office and the Head of Business Risk.	Page 19
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Compliant	• Climate risks are evaluated within the Group-wide risk management framework. The risk framework includes the consideration of climate risk factors within traditional risk categories such as strategic, financial and operational risk.	Page 19
Additional recommendations included in supplemental guidance for asset managers.	Partially compliant	• Where discretionary decisions are made by our Investment Management Group, ESG data informs of additional risks. • Our EMSF strategy is one product in particular which integrates climate risk into the investment process across both fixed income and currency markets. Work in progress: We aim to investigate how we can manage material climate-related risks for our hedging strategies.	Page 19 Pages 19 and 20

1. All page numbers relate to our climate report, available at: recordfg.com

Metrics and Targets

TCFD Recommendations	TCFD Compliance	Current status	Reference page[1]
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Partially compliant	• Record uses its operational carbon footprint (Scope 1, 2 and 3 greenhouse gas emissions) to measure our climate-related risks and opportunities. Work in progress: We will work to quantify the extent to which our assets/business activities are vulnerable to transitional and physical risks, as well as how our assets/revenue align with climate-related opportunities.	Page 21
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.	Compliant	• Our Scope 1, 2 and 3 emissions can be found in our carbon footprint data graphs.	Page 21
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Compliant	• We have set ourselves a number of climate-related targets to meet by 31 March 2023. • We have set ourselves a target to be net zero by 2050 and this year have published interim emissions reductions targets for the year 2030.	Page 23 Page 22
Additional recommendations included in supplemental guidance for asset managers.	Partially compliant	• We have assessed the category 15 Scope 3 greenhouse gas emissions of the bond underlay section of our Emerging Market Sustainable Finance strategy. Work in progress: We will continue working in partnership with external independent investment impact assessors and verifiers to assess the extent to which we can implement rules-based processes to measure the carbon emissions related to our hedging strategies.	Page 22

1. All page numbers relate to our climate report, available at: recordfg.com

Climate action continued

Streamlined Energy and Carbon Reporting ("SECR") and greenhouse gas emissions

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 sustainable development and renewable energy projects.

Methodology

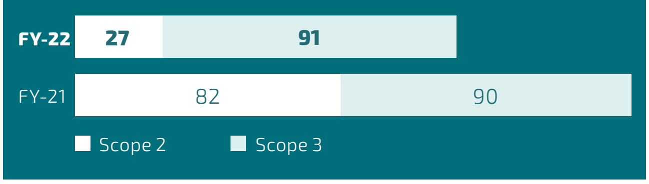
The method used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from recognised public sources including, but not limited to, BEIS, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental Panel on Climate Change.

Energy efficiency actions taken

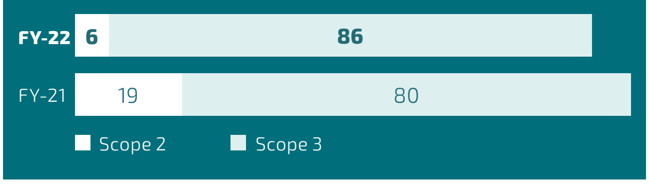
2022 saw a significant fall in our Scope 2 carbon emissions, down 67% in energy consumption and 70% and 100% in location-based and market-based emissions, respectively. Location-based emission reductions were as a result of reduced office use due to home working. Market-based emissions dropped to zero over the year as we moved to purchasing 100% renewable electricity across our UK operations. Our Scope 3 emissions reduced slightly this year, remaining low compared to pre-pandemic years. Maintenance of the low emissions reflects continued hybrid working practices and reduced business travel post-pandemic.

In the next fiscal year we expect to reduce our location-based Scope 2 emissions following the reduction of our office space in Windsor, which we will do by taking measures to maximise efficient use of the office space. We expect our Scope 3 emissions to remain below pre-pandemic levels, and over time we will see this downward trend continue as we encourage our employees to engage in more sustainable behaviours at work and at home.

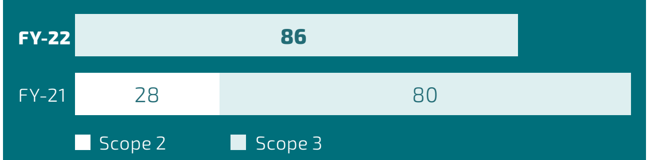
Energy consumption (kWh 000)[1,3]



Location-based methodology (tonnes of CO_2e)[1,3]



Market-based methodology (tonnes of CO_2e)[1,3]



Energy and GHG emissions annual % change[2,3]

Reporting category	Energy consumption UK & offshore	Location-based methodology UK & offshore	Market-based methodology UK & offshore
Scope 1	—	—	—
Scope 2	-67%	- 70%	-100%
Scope 3	1%	-8 %	-8%
Total	**-31%**	**-7%**	**-21%**
Scope 1, 2 & 3 CO_2e intensity ratio: tonnes CO_2e/FTE		5%	-10%

1. Scope 1 emissions were zero for the reported years.
2. Scope 1 covers combustion of gas and combustion of fuel for transport purposes. Scope 2 covers purchased electricity. Scope 3 covers business travel in rental cars and employee-owned vehicles; premises waste, water, and transmission and distribution losses; business travel; outbound deliveries; commuting; other upstream emissions; and homeworking. The total CO_2e intensity ratio is calculated as the total CO_2e tonnes divided by total firm FTE.
3. Please note that rounding errors may exist.

UK emissions data relates to the year ended on 31 March 2022.

Please note annual % change was calculated using only comparable activities from the previous reporting year. Scope 3 Other Upstream Emissions was included for the first time in this reporting period and was not previously included as this is a new reporting category required under the Carbon Neutral Protocol.

Our stakeholders, with whom we maintain an ongoing dialogue, are detailed below.

We believe that all stakeholders are beneficiaries of environmentally friendly business practice and socially responsible investment. Record is therefore committed to being a company with a culture which places sustainability, corporate responsibility and community engagement firmly at the centre of priorities.

Section 172 Companies Act 2006

We set out on pages 38 and 39 our key stakeholder groups, their material issues and how we engage with them. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships.

By understanding our stakeholders, we can factor into Boardroom discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns, in accordance with Section 172 of the Companies Act 2006.

This in turn ensures we deliver solutions our clients want and need, continue to work effectively with our colleagues and suppliers, comply with regulatory requirements, make a positive contribution to local communities and achieve long-term sustainable returns for our investors.

Acting in a fair and responsible manner is a core element of our business practice, more information on which can be found in our separate Sustainability Report.

During the year, the Board made decisions to deliver against our strategy, whilst considering the different interests of our stakeholder groups and the impact of key decisions upon them. The following provides an overview of some of the key decisions taken and how integral our stakeholders are in the Board's decision-making process:

Interests of clients – decision

- The launch of the Record EM Sustainable Finance Fund in collaboration with UBS Global Wealth Management in June 2021.

Interests of employees – decisions

- The opening of a London office.
- An employee engagement survey in January 2022.

Interests of shareholders – decision

- Communication with shareholders on the changes to the Group remuneration policy proposed at the 2022 AGM.

The duties of the Directors – section 172

Under section 172 of the Companies Act 2006 a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- **The likely consequences of any decision in the long term**
- **The interests of the company's employees**
- **The need to foster the company's business relationships with suppliers, customers and others**
- **The impact of the company's operations on the community and the environment**
- **The desirability of the company maintaining a reputation for high standards of business conduct**
- **The need to act fairly towards all members of the Company**

Section 172 Companies Act 2006 – Our stakeholders continued

Clients

We are a client-led business. Our ethos is to "Listen" to clients, "Understand" their investment objectives, and "Deliver" sustainable solutions.

How we engage

Our operational infrastructure is built around the specific requirements of our clients, including systems and controls to reduce risk and manage each stage of the process as efficiently as possible.

We build strong and trusted relationships with clients and collaborate on new developments and opportunities as they evolve.

Regular review meetings with clients ensure client requirements are consistently monitored.

Clients receive frequent and regular reports on market and investment performance.

Their material issues

Our clients' material interests are in the performance of Record's products, a robust risk framework, transparency, value for money, maintaining the high levels of service they receive and the provision of innovative products which meet their investment objectives.

2022 highlights and future changes

In line with our clients' increased appetite for sustainable investment products, we launched our EM Sustainable Finance strategy in June 2021, which aims to invest currency with impact. Categorised as Article 8 under the Sustainable Finance Disclosure Regulation, it is defined as promoting environmental and social characteristics.

The Record Sustainability Office has provided the governance structures to incorporate sustainability across all aspects of our business, including investment strategy, corporate responsibility and risk management for the benefit of clients and all of our stakeholders.

Shareholders

We rely on the support and engagement of our shareholders to deliver our strategic objectives and grow the business.

How we engage

The Group CEO and CFO presented the full-year and half-year results to investors, both institutional and retail.

The primary means of communicating with shareholders are through the Annual General Meeting, the Annual Report and Accounts, half-year results and related presentations. All of these are available on the Company's website **www.recordfg.com**. The website also contains information on the business of the Group, corporate governance, all regulatory announcements, key dates in the financial calendar and other important shareholder information.

Their material issues

Our shareholders want Record to ensure it is a long-term sustainable business which delivers attractive returns through share price growth and regular dividends.

2022 highlights and future changes

The Chair of the Remuneration Committee contacted institutional shareholders to discuss the planned changes to the remuneration policy to be voted on at the AGM in July 2022.

The Company registered with Investor Meets Company ("IMC") during the year. IMC facilitates access to the management of listed companies for retail investors who would not normally have the opportunity to hear from the management team. The CEO and CFO presented both the final FY-21 and interim FY-22 results over the IMC portal to retail investors during the year.

People

Our people are central to the ongoing success of the business and we aim to attract, retain, develop and motivate the right people for current and future business success.

How we engage

We engage with our employees through a variety of channels including a Company intranet, management briefings, employee engagement surveys and workforce engagement sessions, e-mail updates and Company-wide presentations by the Group Chief Executive Officer.

We seek to encourage employees in developing and advancing their careers, offering assistance in such forms as study support and the possibility of secondments to overseas offices.

The Group's remuneration framework includes schemes aimed at aligning employees' interests with those of shareholders by offering the opportunity to share in business growth through share ownership.

Their material issues

Our people's material interests relate to the work balance and physical and cultural environment provided by Record. They want to be fairly rewarded for their contribution and have opportunities for learning, growth and further development as well as sharing in business success.

2022 highlights and future changes

An employee engagement survey was run in January 2022 to obtain feedback from employees across a number of different topics, with a high response rate of 86%.

Subsequent workforce engagement sessions discussed the main topics highlighted in the survey in further detail. Tim Edwards is the designated Non-executive Director responsible for workforce engagement and reports to the Board on employee viewpoints. The sessions were run by Tim in small groups and the topics included technology, communication, remuneration and career opportunities.

Our Ethnic Diversity Network and Gender Equality Network have been consolidated into our Inclusion and Diversity Network to allow us to better reach, represent and benefit the diaspora of underrepresented groups within our organisation. The network has purposely rebranded with the emphasis of putting Inclusion first in the name (versus Diversity) to align with our belief that diversity is a by-product of an inclusive culture.

The pandemic highlighted the benefits of flexible working arrangements for both staff and the business. As we welcomed employees back to the office this year, we have done so on a hybrid working pattern in order to achieve an appropriate work-life balance for the longer-term benefit of both our employees and the business.

Environment and community

We recognise the responsibility we have to the environment, local community and wider society.

How we engage

We are proud to support the communities in which we operate and we have a long history of contributing through monetary donations, gift giving and employee time. Further details can be found in our Sustainability Report 2021/2022.

We champion responsible investment and corporate social responsibility and lead the way in the development of strategies integrating ESG and impact in currency investing. We work with like-minded partners to increase and meet the demand for sustainable investment solutions.

Record has been a signatory to the Principles for Responsible Investment since June 2018.

We make a positive impact in our community by addressing societal issues and driving social progress through our charitable efforts and volunteering.

Record's Sustainability Office and Sustainability Committee ensure a strong focus on sustainability and ESG factors across all aspects of our business, including investment strategy, corporate responsibility and risk management for the benefit of clients and all of our stakeholders.

Their material issues

We aim to manage the business in a manner which minimises our impact on the environment and helps to benefit society.

2022 highlights and future changes

Employees helped to raise £18.2k for local and national charities during the year.

We published our inaugural Climate Report which includes interim science-based emissions reductions targets for 2030, our climate strategy and our integration of climate risk within our business and investment processes.

We have been certified carbon neutral since 2007 and this year have made meaningful progress in our journey towards net zero by reducing our Scope 2 emissions by becoming 100% renewable across our UK operations.

Further details on our focus and actions on both sustainability and climate can be found in our separate Sustainability and Climate reports on our website: **www.recordfg.com**

External suppliers

We rely on the use of external suppliers and service providers to supplement the Group's own infrastructure, benefiting from the expertise these suppliers provide.

How we engage

We work to ensure that our key suppliers are engaged with our business and that a mutual understanding and close working relationship is maintained between us.

All material supplier contracts are subject to due diligence checks and reviews and include strict service level agreements for all supplies of business-critical services.

Record has a supplier payment policy which ensures that all invoices are approved and duly paid within agreed terms.

Their material issues

Key suppliers wish to develop mutually beneficial working relationships with growing and successful businesses over the long term.

2022 highlights and future changes

Reviewed payment practices to ensure that suppliers and service providers continue to be paid on a timely basis.

During the year we published our first Modern Slavery Act statement in line with guidelines under the 2015 Modern Slavery and Human Trafficking Act. Whilst not strictly a legal requirement, we recognise our responsibility to identify and prevent modern slavery in our supply chain.

We aim to introduce a Supplier Code of Conduct to align our suppliers and service providers with our own standards on human rights, diversity and inclusion, environmental policy and ethical practice.

Further details on our focus and actions on human rights and modern slavery can be found in our separate Sustainability and Climate reports on our website: **www.recordfg.com**

Regulators

As a global business, we seek to have transparent and open relationships with our regulators around the world. Regulators provide oversight to ensure the business is operated within regulatory parameters, thereby giving valuable assurance to clients and other stakeholders.

How we engage

We have an experienced Head of Compliance to manage the compliance function and oversee regulatory matters.

We engage directly and through membership of various industry bodies with regulators and policymakers as appropriate to ensure that our business understands and contributes to evolving regulatory requirements.

The Audit Committee receives regular reports from the Head of Compliance which cover the Group's regulatory processes and procedures and its relationship with regulators. The reports also outline the material changes in the regulatory environment in which the Group operates.

We receive advice and updates on regulatory matters from both our internal and external auditors and also our legal advisers.

Their material issues

Regulators aim to ensure that our business is run responsibly in the best interests and safety of our clients and other stakeholders. They seek to protect the integrity of the financial systems they supervise and promote fair competition for the benefit of clients.

2022 highlights and future changes

The Group has established a German subsidiary and have been informed by BaFin that our application has been approved.

Changes to the regulatory framework for investment firms ("IFPR") were implemented during the year, including changes to the calculation of the level of regulatory capital required to be held by the Group.

Growth in AUME has continued during the year, increasing by $3.0 billion to $83.1 billion including net inflows of $2.4 billion.

Product investment performance

Hedging

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

Passive Hedging

Record's enhanced Passive Hedging service aims to reduce the cost of hedging by introducing flexibility into the implementation of currency hedges without changing the hedge ratio. While the strategy is partly systematic, the episodic nature of many opportunities exploited by the strategy means it requires a higher level of discretionary oversight than has historically been associated with Passive Hedging. Global markets have seen steepening interest rate curves from the end of 2021, which stems from central banks being forced to engage in more hawkish monetary policy as they try to keep inflationary pressures under control. This has had the effect of introducing a high degree of volatility into short-term interest rate markets, from which FX forward pricing is determined. The heightened volatility has increased the opportunity set for our clients' portfolios, and as such we positioned client portfolios appropriately to add value from this volatility, achieving positive performance.

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

	Return for year to 31 March 2022	Return since inception[1]
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark	**0.13%**	0.09% p.a.

Dynamic Hedging

The performance of our Dynamic Hedging product depends on how the foreign currencies change in value relative to the base currency of our client. During the year, US investors saw losses from currency on international assets when valuing positions in US dollars, as the US dollar appreciated against the majority of G10 currencies. Record's Dynamic Hedging product adjusted hedge ratios in line with US dollar fluctuations, reducing hedging losses when the US dollar was weaker and helping to protect against currency losses when the US dollar was episodically stronger – as a result, Dynamic Hedging performance was positive, partially offsetting currency losses on the underlying foreign currency exposure.

The performance of the Dynamic Hedging programmes hedging US dollar exposures into other currencies was opposing and reflective of the mandates' specific objectives, benchmarks and inception dates in the reported period.

	Return for year to 31 March 2022	Return since inception[2]
Value added by Dynamic Hedging programme for a representative account	**0.60%**	0.46% p.a.

1. Since inception in October 2014.
2. Since inception in April 2009.

Operating review

Currency for Return

Sustainable investing

Record EM Sustainable Finance ("EMSF") Fund

The Record EMSF Fund USD class A returned -0.94% from inception (28 June 2021) to 31 March 2022, outperforming the relevant emerging market local debt benchmark by 11.13% (see table below).

The currency portfolio was a net positive contributor to fund returns, although performance was mixed as the escalation of the Russia-Ukraine conflict in calendar Q1-22 drained market sentiment, reflecting the degree of regional interdependence and highlighting the fragility of cross-border banking and trade flows. Pockets of tumult emerged as investors weighed the aftermath and set out to gauge the extent of spillovers across the global supply chain.

The positive performance of the currency overlay was led by the notable performance of the diversified hard currency funding basket (particularly JPY and GBP shorts) and long exposures in Latin American emerging market currencies, given their geographical insulation from the conflict, net positive exposure to commodity prices, and the relatively aggressive tightening cycles embarked on by regional central banks. Discretionary management proved prudent, as timely intervention in the period across a number of currency positions delivered a net contribution to returns, such as in the fallout of the CBRT's monetary unorthodoxy, and Russia's invasion of Ukraine where rouble positions had already been closed. Within the frontier universe, the Ukrainian hryvnia, Egyptian pound, Ghanaian cedi and Kazakhstan tenge detracted materially from returns.

Rising US treasury yields, amid stubbornly high inflation prints and a hawkish Fed backdrop, posed broad-based headwinds for external emerging market debt investors in the period; the USD bond portfolio underlay resultantly detracted from fund performance as market conditions remained challenging for investors. The fund did, however, benefit from a lower duration positioning versus the benchmark, cushioning downside sensitivity as yields rallied.

The table below shows the performance of the EMSF Fund USD class A and the relevant benchmark, being the JP Morgan GBI-EM Global Diversified. The performance is since inception of the EMSF Fund on 28 June 2021 to 31 March 2022.

	Return since inception
EMSF Fund USD Share Class	(0.94%)
JP Morgan GBI-EM Global Diversified	(12.07%)

Currency Multi-Strategy

Record's Currency Multi-Strategy product combines a number of diversified return streams, which include:

- Forward Rate Bias ("FRB", also known as Carry) and Emerging Market strategies which are founded on market risk premia and as such perform more strongly in "risk on" environments; and
- Momentum, Value and Range Trading strategies which are more behavioural in nature, and as a result are less risk-sensitive.

Record's Multi-Strategy mandates delivered positive overall performance over the year which was driven by the outperformance in FRB and EM strategies given their positive correlation to sentiment whilst heterogeneity in DM central bank rate normalisation also provided conducive DM carry opportunities. Positive vaccine news supported the global growth outlook and the mitigation of negative tail risk scenarios around a prolonged recession, which enticed inflows into EM and risk-on DM currencies. Intervention by portfolio managers in the factor investing process on the back of major idiosyncratic events including the Russia-Ukraine conflict offered significant protection to strategy performance. The long-only EM module within the Currency Multi-Strategy was replaced with a long-short EM strategy at the end of February, reflecting the latest in-house thinking on Currency for Return investing in EM FX.

Returns	Return for 12 months to 31 March 2022 %	Return since inception % p.a.	Volatility since inception % p.a.
Record Multi-Strategy composite[1]	**0.58%**	0.83%	3.08%

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

Operating review continued

Product investment performance continued

Currency for Return continued

Scaling

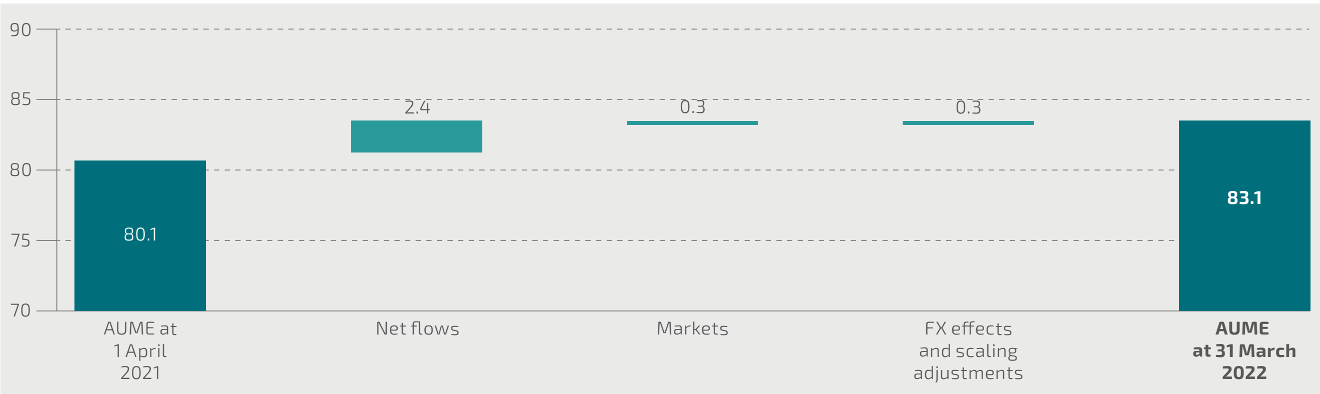
The Multi-Strategy product allows clients to select the level of exposure they desire in their currency programmes by selecting the required level of scaling and/or the volatility target.

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

AUME development

AUME expressed in US dollar terms finished the year at $83.1 billion, an increase of 4% (2021: $80.1 billion). When expressed in sterling, AUME increased by 9% to £63.1 billion (2021: £58.1 billion).

AUME development bridge – year to 31 March 2022 ($bn)



AUME movements

Passive Hedging AUME increased by 2% to $62.8 billion (2021: $61.5 billion) driven by net inflows of $1.1 billion for the year from new and existing clients. Further positive impacts arose from market movements ($0.6 billion) which were partially offset by negative movements in exchange rates ($0.4 billion).

Dynamic Hedging AUME increased by 14%, ending the year at $10.6 billion (2021: $9.3 billion). The majority of the $1.3 billion increase is attributable to net inflows ($1.4 billion), of which $0.6 billion were from new clients with the remaining $0.8 billion from existing clients. Market movements reduced AUME slightly by $0.1 billion.

Currency for Return AUME increased to $5.0 billion (2021: $3.9 billion) by the end of the year, with the launch of the Record EMSF Fund during the year contributing $1.2 billion of inflows, offset by outflows of $0.9 billion from one client exiting the Multi-Strategy product. There were positive movements both in exchange rates of $0.5 billion and market movements of $0.3 billion.

Multi-product AUME decreased to $4.5 billion (2021: $5.2 billion). Net outflows of $0.5 billion were driven primarily by the reversal of $0.4 billion of inflow from a tactical bespoke mandate announced in QE 31 December 2020 which had been expected to be temporary in nature. There were negative market movements of $0.2 billion.

Market performance

Record's AUME is affected by movements in market levels because substantially all the Passive and Dynamic Hedging, and some of the Multi-product mandates, are linked to equity, fixed income and other market levels. Market movements increased AUME by $0.3 billion in the year ended 31 March 2022 (2021: increase of $8.4 billion).

Further detail on the composition of assets underlying our Hedging and Multi-product mandates is provided on page 43 in an attempt to 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 2022

	Equity %	Fixed income %	Other %
Passive Hedging	26%	32%	42%
Dynamic Hedging	91%	—%	9%
Multi-product	—%	—%	100%

Forex

Approximately 81% of the Group's AUME is non-US dollar denominated. Therefore, foreign exchange movements may have an impact on AUME when expressing non-US dollar denominated AUME in US dollars. Foreign exchange movements increased AUME by $0.3 billion over the year. This movement does not have an equivalent impact on the sterling value of fee income.

At 31 March 2022, the split of AUME by base currency was 12% in sterling, 43% in Swiss francs, 19% in US dollars, 15% in euros and 11% in other currencies.

AUME composition by base currency

Base currency	31 March 2022	31 March 2021
Sterling	**GBP 7.6bn**	GBP 6.7bn
US dollar	**USD 17.6bn**	USD 16.2bn
Swiss franc	**CHF 33.1bn**	CHF 35.2bn
Euro	**EUR 11.4bn**	EUR 9.9bn
Australian dollar	**AUD 2.9bn**	AUD 2.1bn
Canadian dollar	**CAD 6.1bn**	CAD 4.8bn
Swedish krona	**SEK 0.0bn**	SEK 0.4bn

Product mix

AUME composition by product

	31 March 2022		31 March 2021	
	US $bn	%	US $bn	%
Passive Hedging	**62.8**	**76%**	61.5	77%
Dynamic Hedging	**10.6**	**13%**	9.3	12%
Currency for Return	**5.0**	**6%**	3.9	5%
Multi-product	**4.5**	**5%**	5.2	6%
Cash	**0.2**	**—%**	0.2	—%
Total	**83.1**	**100%**	80.1	100%

Notwithstanding the product mix remaining broadly constant year on year, the growth and inflows into both Dynamic Hedging and the newly launched Record EMSF Fund both represent higher revenue-margin AUME which continues to diversify the Group's revenue streams and to dilute historical concentration on the lower revenue-margin Passive Hedging product.

Financial review

Two years into the Group's change in strategic direction, the financial benefits are now starting to be seen, with material increases in revenue, profits, operating margin and earnings.

Steve Cullen
Chief Financial Officer

Overview

The Group has continued to implement its change in strategy whilst building on its existing strong core of hedging products. Further inflows into Dynamic Hedging this year plus diversification into new and innovative products with higher revenue-margins have both served to drive the increase in revenue and operating profit. We continue to invest in the modernisation of our systems and to provide additional resources required for the running of new products and services, which has inevitably led to an increase in our running costs. Whilst we expect to see a continuation of this increase in the current financial year (FY-23), not least due to high inflationary pressures, we anticipate seeing growth in our operating margin as the new products gain further traction alongside the efficiencies and new opportunities arising from investing in the modernisation our systems and processes.

The Group remains independent and profitable, supported by its strong and liquid balance sheet.

Revenues have grown to £35.1 million (2021: £25.4 million) supported by a 37% increase in management fees. Operating profit for the year increased by 77% to £10.8 million (2021: £6.1 million) and the operating profit margin increased to 31% (2021: 24%) with a 76% increase in profit before tax to £10.9 million (2021: £6.2 million). The increase in operating profit reflects the change in product mix as a result of the inflows into Record's higher revenue-margin products, and to a lesser extent the efficiencies starting to emerge from the investments made in the modernisation of the Group's technology.

Financial review

Revenue

£35.1m +38%

FY-21: £25.4m

Management fees

£34.1m 37%

FY-21: £24.9m

Profit and loss (£m)

	2022	2021
Revenue	**35.1**	25.4
Cost of sales	**(0.2)**	(0.4)
Gross profit	**34.9**	25.0
Personnel (excluding GPS)	**(10.8)**	(10.3)
Non-personnel costs	**(7.2)**	(5.4)
Other income or expense	**(0.4)**	—
Total expenditure (excluding GPS)	**(18.4)**	(15.7)
GPS	**(5.7)**	(3.2)
Operating profit	**10.8**	6.1
Operating profit margin	**31%**	24%
Net interest received	**0.1**	0.1
Profit before tax	**10.9**	6.2
Tax	**(2.3)**	(0.8)
Profit after tax	**8.6**	5.4

Revenue

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

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

Management fees earned during the year increased by 37% to £34.1 million (2021: £24.9 million) driven predominantly by inflows into higher revenue-margin products, with the launch of the Record EM Sustainable Finance Fund in June 2021 under Currency for Return, and the continuation of the growth seen in the latter part of FY-21 in Dynamic Hedging. Revenues increased in the second half by 12% from £16.3 million to £18.3 million (ignoring performance fees).

Financial review continued

Revenue continued

Revenue analysis (£m)

	Year ended 31 Mar 2022	Year ended 31 Mar 2021
Management fees		
Passive Hedging	**11.8**	11.4
Dynamic Hedging	**10.0**	5.6
Currency for Return	**5.5**	2.0
Multi-product	**6.8**	5.9
Total management fees	**34.1**	24.9
Performance fees	**0.5**	0.1
Other currency services income	**0.5**	0.4
Total revenue	**35.1**	25.4

Management fees

Passive Hedging management fees increased by 3% to £11.8 million for the year (2021: £11.4 million) predominantly linked to the net inflows of $1.1 billion in the year. Whilst Passive Hedging commands a significantly lower average fee rate than Record's other products, it continues to provide a robust and valuable revenue stream from a long-standing client base which itself provides potential synergies to the Group in the form of future partnerships and product innovation.

Dynamic Hedging management fees increased by 78% to £10.0 million (2021: £5.6 million) as a result of the full-year impact of the $6.1 billion of inflows seen in the second half of FY-21, combined with the total net inflows of $1.4 billion in FY-22 from new and existing clients.

Management fees from Currency for Return mandates increased 175% to £5.5 million (2021: £2.0 million). The successful launch of the Record EM Sustainable Finance Fund in June 2021 added $1.2 billion of AUME, which attracts significantly higher fee rates than Record's historical Currency for Return products. This new and innovative product has resulted in a material increase in Currency for Return revenue, and has more than offset the outflow of $0.9 billion from the Multi-Strategy product in the third quarter of the year.

Multi-product management fees increased by 15% to £6.8 million (2021: £5.9 million) as a result of the full-year impact of $1.0 billion of net inflows seen in the second half of last year. However, net outflows of $0.5 billion in the second half (including $0.3 billion from a bespoke tactical mandate of a temporary nature) are expected to reduce revenues slightly in the current year (FY-23).

Performance fees

Performance fees are derived from a combination of hedging and return-seeking products. Our Currency for Return and enhanced Passive Hedging products gradually made up lost ground during the year versus previous high water marks, especially towards the end of the year which saw opportunities arising from increases to interest rate differentials as a result of changes to central banks' monetary policies, and which we anticipate may provide further opportunities in the current year (FY-23).

Aggregate performance fees of £0.5 million were earned during the year (2021: £0.1 million).

Other currency services income

Other currency services income totalled £0.5 million (2021: £0.4 million) and consists of fees from ancillary currency management services including collateral management, signal hedging and tactical execution services. Fees charged for these ancillary services are not linked to AUME.

Expenditure

Cost of sales

Cost of sales decreased to £0.2 million from £0.4 million in FY-21 and comprises referral fees and costs in relation to the Record Umbrella Fund, which was closed during the year.

Operating expenditure

The Group operating expenditure (excluding variable remuneration and other expenses) increased by 15% to £18.0 million for the year (2021: £15.7 million).

Average employee numbers for the year remained broadly constant, notwithstanding the changes made linked to the succession plans of the business. Consequently, growth in personnel costs of 5% to £10.8 million (2021: £10.3 million) reflects salary increases linked to internal promotions and some costs associated with restructuring.

Non-personnel costs increased by 33% during the year to £7.2 million (2021: £5.4 million). The Group has continued to invest in technology and systems to support the growth and modernisation required under the change in strategy, including additional associated running costs, for example significant new data requirements and office space in London.

The Group remains conscious of the need for good cost control balanced with ensuring the business is appropriately resourced to achieve its strategic goals of growth, modernisation and succession. However, it is anticipated that inflationary pressures in the current environment will inevitably lead to an increase in its cost base in the current year (FY-23).

Other expenses were £0.4 million for the year (2021: income of £41k) and represent net losses/gains made on derivative financial instruments employed by the Group's seed funds, hedging activities and other FX adjustments or revaluations.

Group Profit Share ("GPS") Scheme

The GPS pool has increased by 78% to £5.7 million (2021: £3.2 million) in line with the 77% increase in operating profit for the year. The GPS pool has been calculated at 34% of pre-GPS operating profit.

Further information on variable remuneration can be found in the Remuneration report starting on page 76.

Operating profit and margin

Group operating profit increased by 77% to £10.8 million (2021: £6.1 million) and the Group operating margin increased to 31% (2021: 24%). As expected, the decrease in the Group's operating margin to 24% last year proved temporary during its transitional year and has since rebounded as the inflows into new and existing products has changed the revenue mix towards higher revenue-margin products in line with the strategic priority of diversification.

Cash flow

The Group consolidated statement of cash flows is shown on page 109 of the financial statements.

The Group's year-end cash and cash equivalents stood at £3.3 million (2021: £6.8 million) and the total assets managed as cash were £17.3 million (2021: £19.8 million). The cash generated from operating activities before tax increased by 55% to £12.7 million (2021: £8.2 million). During the year, taxation of £1.4 million was paid (2021: £1.4 million) and £6.5 million was paid in dividends (2021: £5.3 million). The Group spent £4.5 million (2021: £1.8 million) on the purchase of its own shares for the EBT to set against the future vesting of share options.

At the year end, the Group held money market instruments with maturities between three and twelve months worth £13.9 million (2021: £12.9 million). These instruments are managed as cash by the Group but are not classified as cash under IFRS rules (see note 18 of the financial statements for more details).

Dividends

An interim ordinary dividend of 1.80 pence per share (2021: 1.15 pence) was paid to shareholders on 30 December 2021, equivalent to £3.4 million.

As disclosed in the Chairman's statement on page 4, the Board is recommending a final ordinary dividend of 1.80 pence per share, equivalent to £3.4 million, taking the overall ordinary dividend for the financial year to 3.60 pence per share. Simultaneously, the Board is also paying a special dividend of 0.92 pence equivalent to £1.8 million, making the total dividend in respect of the year ending 31 March 2022 of £8.6 million equivalent to 100% of total earnings.

The total ordinary and special dividends paid per share in respect of the prior year ended 31 March 2021 were 2.30 pence and 0.45 pence respectively, equivalent to total dividends of £5.3 million and representing 100% of total earnings per share of 2.75 pence.

Financial review continued

Financial stability and capital management

The Group's balance sheet is strong and liquid with total net assets of £25.9 million at the end of the year, including current assets managed as cash totalling £17.3 million. The cash generated by the business has increased in line with the rise in profitability, with net cash inflows from operating activities after tax of £11.4 million for the year (2021: £6.8 million). For further information on cash flows, see the consolidated statement of cash flows on page 109 of the financial statements.

Under the Board's capital and dividend policies, the Group can pay up to a maximum of 100% of earnings for that financial year, thereby ensuring the continued strength of its balance sheet.

To this end, the Group maintains a financial model to assist it in forecasting future capital requirements over a three-year cycle under various scenarios and monitors the capital and liquidity positions of the Group on an ongoing and frequent basis. The Group has no debt.

Record Currency Management Limited ("RCML") is a UK MiFID investment firm authorised and regulated by the Financial Conduct Authority ("FCA") registered as an Investment Adviser with the SEC and as a Commodity Trading Adviser with the CFTC, and is a wholly owned subsidiary of Record plc. Both RCML and the Group submit regular capital adequacy returns to the FCA, and held significant surplus capital resources relative to the regulatory financial resource requirement throughout the year.

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

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

Regulatory capital resources (£m)

	2022	2021
Core Tier 1 capital	25.9	26.8
Deductions: intangible assets	(0.6)	(0.4)
Regulatory capital resources	25.3	26.4

Steve Cullen
Chief Financial Officer

20 June 2022

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.

Record adopts a unified approach to risk management which is fully embedded across all areas of the business.

The Group Board has ultimate responsibility for risk and the oversight of the risk management process within the business. Recognising that risk is inherent in all of the Group's business dealings, and in the markets and instruments in which the Group operates, it places a high priority on ensuring an integrated approach and a strong risk management culture is embedded throughout the Group, with accountability at all levels within the business. Effective risk management and strong internal controls are integral to the Group's business model and are reflected in the risk management framework adopted within the business.

Risk management framework

Risk appetite

As part of its responsibility for the oversight of the risk management process, the Board determines its appetite for all significant risk categories identified across the business. This defines the level of risk it is willing for the business to take to support its strategic and business objectives and encourages an appropriate balance between risk and benefit in a controlled and regulatory compliant context, taking into account the interests of clients, our people and shareholders as well as any capital or other regulatory requirements. The Group maintains a risk register, which specifies each risk appetite with independent and ongoing assessment of the level of risk performed by the Head of Business Risk.

The Board reviews and considers the principal and emerging risks and corresponding risk appetites on a regular and ongoing basis in light of its strategic plans, and changes in both the business and regulatory environment. The Board currently considers the following significant risk categories in determining the risk appetite of the Group:

- Strategic
- Operational
- Systems
- Investment
- People

Each of these are outlined on pages 52 to 54.

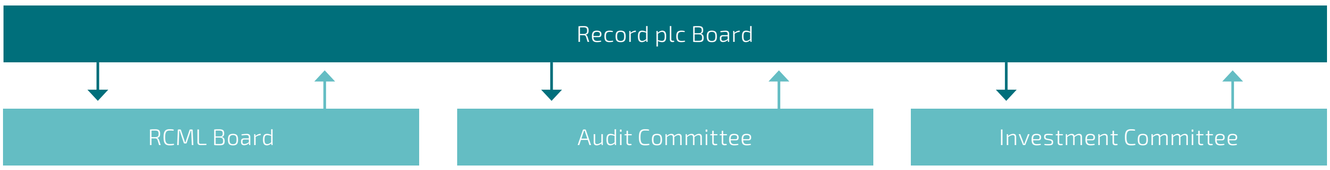
Oversight

Oversight of the risk management framework is delegated by the Board to the Head of Business Risk.

The Board provides oversight and independent challenge in relation to internal controls, risk management systems and procedures, and external financial reporting.

The Board of Record Currency Management Limited, being the regulated entity and main trading subsidiary within the Group, is the delegated decision-making body for the day-to-day operation of the business and includes the executive Board members of Record plc and other senior personnel within the business.

Risk management framework – overview



Risk management continued

Oversight continued

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 Investment Committee's members are listed on page 65. Investment Committee approval is required prior to implementation of any new or amended investment process or product.

During the year, the Group added further resource and split the previous Compliance and Risk function into two separate and distinct business units. Consequently, the separate Compliance and Risk functions now provide a more focused approach to the day-to-day management of these important control activities within the Group, as well as giving further scope to expand such activity in line with the Group's growth trajectory and changes in the business environment. As of January 2022, the Group delegates risk management processes previously delegated to the Risk Management Committee to the Business Risk function managed by the Head of Business Risk, with risk reports and updates presented directly to the plc Board.

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 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 aim to ensure adherence to quality standards and regulatory requirements.

Functions such as Front Office Risk Management, Compliance, Business Risk and Legal 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.

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 achieved by the Group commissioning RSM UK Risk Assurance Services LLP ("RSM"), an independent third party, to perform the annual service auditor's report in respect of Record Currency Management Limited under both the International Standard on Assurance Engagement ("ISAE") 3402 and the American Institute of Certified Public Accountants Attestation Standard AT-C Section 320 ("AT-C 320"). In performing this work, RSM reports its opinion on the description of internal controls with respect to the investment management and information technology activities, and the operating effectiveness of specific controls for the period 1 April to 31 March, in line with the Group's financial year.

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

Covid-19

As a business, we continue to adapt to a world changed by the impact of the covid-19 pandemic. Our employees were able to show great resilience and the ability to adapt fairly seamlessly to working from home. As we return to the office, we were mindful of allowing greater flexibility and choice for employees to work from home whilst seeking to retain the benefits, such as better opportunities for collaboration and training, delivered through having physical presence in the office. With this in mind, we have adopted a hybrid working policy comprising "core" in-person workdays alongside a more flexible choice of where and how to work on non-core days, dependent on the requirements of individual business units. Whilst society is learning to "live with" the virus given wide vaccination coverage and milder variants currently in circulation, we continue to monitor the risk of a substantial re-emergence and will adapt again if necessary.

Ukraine

We have been mindful from an early stage of the risks posed to the business by the conflict in Ukraine. We continue to closely monitor the ongoing situation, adapt to the changing circumstances and to consider the best interests of our chosen partners based in Ukraine.

The risks considered and addressed can be summarised as follows:

- the impact on the delivery of IT projects linked the Group's external consulting partners being based in Ukraine;
- global recognition of the increased likelihood of cyber-attacks; and
- our products which include investments in RUB (Russia rouble) and UAH (Ukraine hryvnia).

We have so far anticipated and successfully mitigated these risks. For example: for 1) we pre-emptively worked with our IT partners to ensure Ukraine-based staff could continue to work safely and without interruption; for 2) the Systems teams have increased phishing tests as we expect this to be the most likely means of any attempted attack; for 3) the Investment team gradually closed out all exposures ahead of 24 February 2022.

Emerging risks

We consider emerging risks in the context of known risks which could become more likely to materialise, or external shocks such as natural disasters and pandemics, geopolitics, disruption to financial markets and business infrastructure and changes or trends in the competitive landscape. The Board, management and Head of Business Risk monitor emerging risks by including these in the ongoing review of risks performed through the risk management framework.

Top risks to the business

The following section shows the Board's assessment of the principal and emerging risks faced by the business. The trend arrows indicate the perceived increase or decrease in risk posed to the business following review by the Board and the Head of Business Risk. These risks fall into a number of distinct categories and the means to mitigate them are both diverse and relevant to the nature of the risk concerned.

Strategic risks

Our top two strategic risks are concentration and competitive threats. We consider both of these to be "high" risk and, while we accept these as a fact of doing business, a key pillar of the CEO's strategy is to mitigate these through diversification.

Other notable strategic risks are delivery of strategy, regulatory trends, product innovation, third-party products and exogenous.

Risk	Link to strategy	Trend	Description
Concentration	Diversification	↓	Our clearest concentration risk comes through our historical reliance on currency hedging (both passive and active). Despite its acceptance as part of risk appetite, this risk has reduced during the year with the change in product mix through the successful development and marketing of new products and strategies.
Competitive threats	Diversification Modernisation	—	Asset management and currency are competitive industries, and our business is exposed to competitive threats arising from disruptive innovators and entrants, and consistent pressure on fees. Notwithstanding the high barriers to entry in our industry, our continued focus on the highest levels of client service alongside our ability to tailor our service offerings to fit specific client demands and our investment in technology and innovation have served us well over 40 years and will continue to do so.
Delivery of strategy	Diversification Modernisation Succession	↓	We continue to successfully execute the CEO's strategy – we have increased revenue through both traditional and new products, and made strides in introducing technology to streamline a number of operational processes and have put into action a plan for generational change.
Regulatory trends	Diversification	—	We are susceptible to adverse regulatory trends in our core markets. While we cannot control the likelihood, we have a strong track record of working closely with our clients during periods of regulatory transition (e.g. EMIR, Brexit, IFPR).
Product innovation	Diversification Modernisation	—	Separate to concentration and competitive threats, as with any business we are exposed to the risks that our products no longer fill a market need. Our strong client relationships and product diversification help to mitigate this risk.
Third-party products	Diversification	—	We continue to develop relationships to combine our expertise with that of our preferred partners and third-party strategies. Along with the opportunity, we embrace some risk that such strategies could underperform and cause reputational damage. We mitigate this risk through a thorough and robust due diligence process we have reinforced our onboarding process.
Exogenous	Diversification Modernisation	↑	We are mindful of the risks to the business from an inflationary backdrop, for example through increased operating costs, as well as the risk to asset prices that would directly impact revenues, although this has proved to be minimal through the impact of the pandemic.

Operational risks

Our clients pay us fees to undertake high operational risk on their behalf given the trading sizes and volumes we execute. We embrace this risk, recognising it as a principal risk to the business reflected in our bespoke business model and risk framework, which is designed to mitigate this risk to an acceptable level. We operate within our risk appetites given our robust control framework and long-standing and experienced operational teams. In line with the strategy to plan for generational change, several new heads of department have been appointed using internal promotions, thereby ensuring the knowledge and familiarity required to run bespoke mandates remains in the business and these operational risks continue to run within an acceptable tolerance level aligned with the Board's risk appetite.

Our biggest operational risks are trade configuration, the responsibility of the Portfolio Implementation team, and trade execution, undertaken by our Trading team. Other notable risks include accuracy of market and portfolio data (on which we trade), settlement risk (while we do not trade on our own account, risk that we make a mistake with a payment instruction), and reporting errors.

Risk	Link to strategy	Trend	Description
Trade configuration and execution	Modernisation	↑	Configuring a trade with the wrong currency or in the wrong direction would expose us to market risk, as we make good any trade errors that would result in a cost to the client. To mitigate this risk, trades are configured independently and then cross-checked while our Front Office Risk team conduct pre and post-trade checks. The further introduction of technological solutions will increase efficiency and reduce risk as we continue to broaden our products and services.

System risks

Along with all businesses in our sector, we are reliant on a range of in-house and third-party systems to deliver our services, and all of these are susceptible to the risk of having downtime, bugs, redundancy, integration issues and, of course, cyber attacks.

Notwithstanding our robust systems and mitigating controls, we nonetheless maintain a business continuity plan and disaster recovery site in order to continue to run the business should material disruption occur. These contingencies are regularly tested.

Risk	Link to strategy	Trend	Description
Cyber and Data Security	Modernisation	—	Cyber risk represents the risk of loss from cybercrime or the malicious disruption to networks through theft of data or corruption of information. The Group has established cyber security programmes which are continuously reviewed and adjusted to keep pace with regulatory, legislative and cyber threat landscapes, the latter heightened from the Group now operating across various locations and more recently as a result of the war in Ukraine. Record Group did not experience any material client or operational impact nor any data breaches in the year.

Investment risks

Any asset manager must embrace the risk of product underperformance, whether against their benchmarks or indeed in absolute terms; we are no different. This is our key investment risk.

Investment risks also cover the research process and any potential impact on product development, which we see as low risk given our highly qualified and experienced research colleagues, a rigorous review process and strict scrutiny by the Investment Committee for all product developments.

Risk	Link to strategy	Trend	Description
Product underperformance	Diversification	—	We are increasingly exposed to emerging markets and their inherent risks, given the geopolitical environment as well as our activity in this space. We expect this risk to increase as we grow this part of the business.
Market liquidity	Modernisation	—	Market liquidity is another risk of doing business and one that asset managers must embrace. That said, we mitigate this risk through extensive access to, and long-standing relationships with, liquidity sources, and have successfully navigated recent liquidity events such as covid-19, Brexit and the SNB decision to stop supporting the Euro-Swiss franc floor. We see this as a core competitive advantage.

People risks

People are our biggest asset and, as such, present various risks. We have worked hard to mitigate both key person and succession risks over the previous twelve months; indeed, succession planning is a key focus of the Board.

Risk	Link to strategy	Trend	Description
Key person and succession	Succession	↓	The Group has been in business for almost 40 years and was previously vulnerable to key person risk in the executive, operational and investment teams. As we continue to execute the CEO's strategy by planning for generational change and promoting from within, this key person and succession risk posed to the business becomes further diluted.
Talent acquisition and retention	Succession	—	The inflationary environment has forced many firms, including ours, to consider risks to talent acquisition and retention. While there has been some turnover and internal promotions to key operational roles, we continue to successfully attract talent into all areas of the business.

We also monitor risks such as conduct and conflicts of interest, as well as staff engagement and wellbeing. Staff wellbeing was a focal point during the Delta and Omicron peaks, given the risks to multiple team members being sick and the knock-on effects of critical functions; as many staff have worked in other departments, we are able to rely on cross-department experience should we need to.

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 2025.

The Directors review the financial forecasts and position of the Group on an ongoing basis. The capital and dividend policies reflect the stated objectives of maintaining a strong balance sheet whilst allowing the Group flexibility to adapt its products and services to market conditions, to take advantage of emerging business opportunities, and to make progressive and sustainable returns to shareholders. The Group's strategy and principal risks are assessed and reviewed regularly at Board and Executive level, and by operational subsidiaries within the Group. Further detail on the Group's strategy and principal risks is given in the Strategic report on pages 18 to 21 and 52 to 54 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 under the Investment Firm Prudential Regime ("IFPR"). This 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.

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.

Our resilience to the effects of covid-19 has been demonstrated by the robust operational and financial performance over the two financial years ended 2021 and 2022, which supports our assessment that it does not represent a high risk of impacting our future viability.

Changes in our industry such as the increase in demand for sustainable investment products and advances in technology provide both challenge but also opportunity to the Group, and economic uncertainty continues, linked to the war in Ukraine. Through its change in strategy and increased focus on growth, combined with the continued enhancement of its products and services and in maintaining its approach to innovation and the use of technology, the Directors believe the Company to be capable of meeting such challenges, as evidenced by the growth in revenue and profits and the diversification of AUME seen over the year. However, the Directors consider a three-year horizon over which to assess the viability of the Group to be appropriate under such circumstances, since it provides a sharper focus and any further planning horizon provides a greater level of uncertainty to financial projections.

Governance

Chairman's introduction

Good corporate governance is one of the most valuable assets of any business and at Record we intend to maximise the value of the company by promoting an environment of trust, accountability and transparency necessary for the long-term sustainable success of the business.

Neil Record
Chairman

In this section of the Annual Report we explain our corporate governance arrangements and describe the operation of the Board and its Committees during the year.

The year was again one of change for Record and we successfully implemented new organisational and governance structures designed to support long-term business growth. Our talented team worked hard to deliver excellent results in making the business agile and resilient to the ongoing challenges of covid-19. All this could not happen without a strong and robust corporate governance framework which the Group has in place, together with the Board and its Committees working closely with the Group's highly experienced management team to support Record's operational teams in continuing to deliver a high-quality and innovative range of products and services to our clients.

I am confident that the Group's governance arrangements are both appropriate and effective and that going forward the Group will continue to embrace regulatory, governance and best practice changes in its drive to best serve all its stakeholders.

Neil Record
Chairman

20 June 2022

Board of Directors

Neil Record
Chairman

Appointed:
Neil founded Record in 1983 and has been its principal shareholder and Chairman since then. Neil also served as Record's CEO until October 2010.

Previous appointments:
Prior to founding Record, Neil was an economist at the Bank of England and worked in the commodity and currency trading department at Mars Inc's UK subsidiary.

Current external appointments:
Neil is Chairman of the Board of The Institute of Economic Affairs and a director of IEA Forum Limited, Chairman of The Global Warming Policy Forum and a director of Aims of Industry Limited, Oxford Festival of the Arts, Circular Wave Limited and Restore Trust Ltd.

Skills and experience:
With almost 40 years of experience in financial services, Neil remains integral to the development of the business strategy. As Chairman he is a strong figurehead, well-known and well-respected within the field of currency management and as such is an asset to the Board.

Neil is the author of numerous books and articles on currency and other risk management topics.

Committee memberships:
N

Leslie Hill
Chief Executive Officer

Appointed:
Leslie joined Record in 1992. She was appointed Head of Sales and Marketing in 1999, and Chief Executive Officer in February 2020.

Previous appointments:
Leslie's extensive prior experience includes working at Lloyds Bank and Merrill Lynch where she was Director and Head of Corporate Foreign Exchange Sales worldwide.

Current external appointments:
Leslie is a director of Trade Record Ltd.

Skills and experience:
Having worked at Record for 30 years, Leslie has a deep understanding of Record's products and the needs of clients. As Head of the Client Team she was instrumental in driving the client-focused culture of the business and helped to maintain existing and develop new client relationships. Leslie is therefore very well placed to provide a client perspective during Board discussions.

This extensive experience means that, as CEO, Leslie is ideally suited to leading Record through its transition from currency manager to asset manager and in driving the delivery of the Board's strategy.

Steve Cullen
Chief Financial Officer

Appointed:
Steve was appointed to the Board and made Chief Financial Officer in March 2013.

Previous appointments:
Steve qualified as a Chartered Accountant in 1994 and gained 15 years of audit experience within public practice before joining Record.

Current external appointments:
Steve has no other appointments outside of the Record Group.

Skills and experience:
Steve joined Record in October 2003 and led Record's Finance team for over nine years, reporting directly to the Chief Financial Officer. He 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.

With his ICAEW FCA qualification and over 30 years' experience, including over 18 years within financial services, Steve brings considerable accounting, financial and risk management expertise to the Board.

A Audit Committee N Nomination Committee R Remuneration Committee * Chair

Board of Directors

Tim Edwards
Senior Independent Director

Appointed:
Tim was appointed as a Non-executive Director of Record in March 2018 and as Senior Independent Director in July 2021.

Previous appointments:
Previously, Tim was a member of the governing Board of Innovate UK, the UK's innovation agency, a director of the UK Cell and Gene Therapy Catapult and chair of the UK BioIndustry Association.

Current external appointments:
Tim is a biotech entrepreneur, who is currently non-executive chair of Schroder UK Public Private Trust and EndLyz UK Limited, Karus Therapeutics Limited and Storm Therapeutics Limited, and a director of AstronauTX Limited.

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

Committee memberships:
A N R*

Matt Hotson
Independent Non-executive Director

Appointed:
Matt was appointed as an independent Non-executive Director of Record in July 2021.

Previous appointments:
Matt's experience spans core finance, strategy, investor relations and business leadership gained from Arrows Global Finance plc, RSA insurance Group plc, Cable and Wireless plc and Legal and General Group plc.

Current external appointments:
Matt has recently joined the Mishcon de Reya Group as its Group CFO Designate to lead the potential IPO.

Skills and experience:
Matt is a highly experienced finance professional, having worked for more than 25 years at leading FTSE 100 companies. He has a proven track record in leading finance strategy, business improvement, and financial control for large listed companies. He is currently studying for a PhD in Digital Economics.

Committee memberships:
A* N R

Krystyna Nowak
Independent Non-executive Director

Appointed:
Krystyna was appointed as an independent Non-executive Director in September 2021.

Previous appointments:
Previously, Krystyna was a Managing Director of Norman Broadbent and prior to this worked at Citigroup in a variety of senior roles across shipping finance, oil project finance and risk management, in Europe and Asia.

Current external appointments:
Krystyna is Senior Managing Director of the Teneo People Advisory Board Practice and is Senior Independent Director of abrdn Asian Income Fund Ltd. Krystyna is also a Trustee of London Youth Rowing and of the Oxford and Cambridge Rowing Foundation.

Skills and experience:
Krystyna has a wealth of City experience, both in banking and in executive search. She has an expertise in succession planning and Board composition having worked as a director for a specialist board-level search boutique. Krystyna is a graduate from Oxford University where she studied Physics and gained a Law Degree in 2003.

Committee memberships:
A N* R

Corporate governance report

Company purpose

Our purpose is to continue to harness trends and innovate by collaborating with our clients, with the aim of achieving diverse partnerships of financial specialists – creating unique, opportunistic, sustainable solutions.

Corporate culture

Since being established in 1983, the Group 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. There has been a focus on employees' wellbeing through covid-19, transitioning from remote working to our current hybrid working arrangements, including core office days. The Board of Directors understands the importance of maintaining the strong corporate culture within the business, ensuring that it is embedded at every level of the organisation.

Board and corporate governance changes

This year saw changes to the composition of the Board. Rosemary Hilary and Jane Tufnell both stepped down from their position as Chair of the Audit and Risk Committee and Nomination Committee respectively, to be succeeded by Matt Hotson as Chair of the Audit Committee, and Krystyna Nowak as Chair of the Nomination Committee. Both Matt and Krystyna bring a wealth of experience and knowledge to the Board and have made a significant impact since their appointments. Tim Edwards replaced Jane Tufnell as Senior Independent Director and continued his role as the designated Non-executive Director for workforce engagement in line with the requirement of the Corporate Governance Code 2018. I would like to thank Rosemary and Jane for their contribution and look forward to working with the new Board members.

There have also been changes in the corporate governance structure with the dissolution of the Executive Committee, which was previously responsible for the day-to-day management of the business. A new Board of Directors of the regulated UK subsidiary of the Group – Record Currency Management Limited ("RCML") – is now responsible for the day-to-day management and works closely with the Record plc Board to successfully deliver the strategy for the Group.

During the year, the prior Compliance and Risk team was split with the appointment of a dedicated Head of Business Risk which has strengthened the Group's risk management framework during a period of significant change and growth. Consequently, the prior Audit and Risk Committee is now the Audit Committee, and risk is actively discussed at Board meetings of both Record plc and RCML. The continued focus on risk culture is crucial and we constantly seek to improve culture through embedding effective risk management systems at every level within the Group.

Further information on the corporate governance framework is provided on pages 65 and 66.

Compliance with the 2018 UK Corporate Governance Code

Throughout the year, the Company has applied the main principles and provisions of the Code as deemed appropriate to the Group. Page 60 provides an overview of how the Code has been applied and Record's departures from the Code are fully explained.

Section 172 disclosure

Section 172 of the Companies Act 2006 requires directors to promote the success of the company for the benefit of the members as a whole and in doing so to have regard to the interests of stakeholders, including clients, employees, suppliers, regulators and the wider society in which it operates. Details of how the Board engaged with Record's various stakeholders are shown on pages 38 and 39.

Corporate governance overview

Compliance with the UK Corporate Governance Code (the "Code")

The Board is supportive of the principles of the Code and has been since its Admission to the Official List of the UK Listing Authority in December 2007, with the Board complying as it deems appropriate given the nature and size of the business.

The latest version of the Code was published in July 2018 and is applicable to accounting periods beginning on or after 1 January 2019.

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.

The Board has reviewed the appropriateness of the provisions to determine whether they should be applied or if departure is justified. All provisions of the Code have been applied as necessary as part of Record's corporate governance framework except for the following:

Provision 9 of the Code recommends that the chair should be independent on appointment. Neil Record is deemed to be a controlling shareholder and so was not independent on appointment. However, the Board is of the opinion that the potential issue of non-independence is outweighed by the attributes of leadership and guidance that Neil brings to the role.

Provision 19 of the Code recommends that the chair should not remain in post beyond nine years from the date of first appointment to the board. Neil Record founded the Record Group in 1983 and led the business until its IPO in December 2007. At the time of the IPO it was agreed Neil was best placed to continue to chair the business, a role he has undertaken ever since. Neil is well-known and well respected within the field of currency management and his long established involvement with the business, his ideas and character have built the business to what it is today. The Board is of the opinion that Neil continues to add considerable value and that retaining him as Chairman is therefore justified for the foreseeable future. Details of the Nomination Committee's review of the tenure of the Chairman conducted in 2022, together with its conclusion, are provided on page 69.

Provision 21 of the Code recommends that the chair should consider having a regular externally facilitated board evaluation. In FTSE 350 companies this should happen at least every three years. As a non-FTSE 350 company the triennial requirement for an external assessment does not apply to Record plc, although an externally facilitated workshop was carried out in 2021. Details of the evaluation process previously conducted were provided in the Annual Report and Accounts 2021.

Board structure

Board composition

The Record plc Board consists of six members and is headed by Neil Record (Chairman), with the Executive Directors Leslie Hill (Chief Executive Officer) and Steve Cullen (Chief Financial Officer). There are currently three Non-executive Directors: Tim Edwards, being the Senior Independent Director, Krystyna Nowak and Matt Hotson. The biographical details of the Board members are set out on pages 58 and 59.

In July 2021 Jane Tufnell stepped down from the Board and was succeeded by Krystyna Nowak, who was appointed as an independent Non-executive Director in September 2021, becoming Chair of the Nomination Committee. In September 2021 Rosemary Hilary stepped down from the Board and was succeeded by Matt Hotson who was appointed as an independent Non-executive Director in July 2021 and took the lead as Chair of the Audit Committee in September 2021.

Code provision

The Code recommends that at least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent and the Board's structure complies with this provision. The Board considers that the current composition is appropriate given the size and structure of the business.

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

Board responsibilities

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

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

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 Group strategy and support its implementation. The Chairman is a principal ambassador of Record and a guardian of the Group's ethos and values.

Chief Executive Officer

The Chief Executive Officer is responsible for the executive management of the Group with focus on profitable business growth while acting in the interests of all stakeholders – clients, shareholders, employees and industry regulators – and upholding the core values of Record. Her statement on FY-22 and the outlook for the Group can be found on pages 6 and 7.

Chief Financial Officer

The Chief Financial Officer is responsible for the finance function, the financial management and control of the business, and for developing and delivering appropriate internal and external financial reporting. His financial review for FY-22 can be found on pages 44 to 48.

Senior Independent Director

The Senior Independent Director's role is to act as a sounding board for the Chairman, oversee the evaluation of the Chairman's performance (see page 69) 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 Chairman or the Chief Executive Officer.

Non-executive Directors

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

Board structure continued

Independence of the Non-executive Directors

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

Director appointments and time commitment

The rules providing for the appointment, election, re-election and the removal of Directors are contained in the Company's Articles of Association.

The Company's Articles of Association were revised in 2020 to align with the UK Corporate Governance Code July 2018, current legislation and market practice and were subsequently approved by shareholders at the 2020 AGM. Under the Articles, all Directors are subject to annual election or re-election by shareholders and all of the Directors will stand for election or re-election at the 2022 AGM.

The Board has agreed that all Directors standing for election or re-election continue to make a valuable contribution to the Board's deliberations and recommends their election or re-election. As required by the UK Listing Rules, the appointment of independent directors must be approved by a simple majority of all shareholders and by a simple majority of the independent shareholders. Further details are set out in the 2022 Notice of AGM.

Non-executive Directors' letters of appointment stipulate that they are expected to commit sufficient time to discharge their duties. Non-executive Directors are required to notify the Chairman before taking on any additional appointments. Details of other roles held by the Non-executives are set out in their biographies on pages 58 and 59. The Board is satisfied that all Directors continue to be effective and demonstrate commitment to their respective roles.

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

Details of Executive Directors' service contracts, termination arrangements and Non-executive Directors' letters of appointment are included in the Remuneration report on page 83.

Board member diversity

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

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

The Board currently has two female members in a board of six and thus women make up one-third of the Board. The Board's opinion is that the current composition of members comprises a good mixture of skills, experience, knowledge and backgrounds and is therefore appropriate for the business at the present time. Future Executive Director succession planning will take into account the benefits of diversity, including gender diversity, as set out in the Group's Board Inclusion and Diversity Policy. Diversity in the workplace is described on page 30.

Board activity

Board focus and decision-making

The regular scheduled Board meetings have a set, strategically focused agenda and Board members are invited in advance of each meeting to add any additional issues they wish to be addressed.

Material circulated in advance of the meetings has included:

- minutes of the previous Board meetings;
- CEO report;
- subsidiary company reports;
- management information pack;
- KPI data pack;
- investment performance report;
- IT strategy and systems report;
- compliance report;
- risk management report;
- HR report;
- sustainability report; and
- governance report.

Updates from the respective Chairs of the Nomination Committee, Remuneration Committee and Audit Committee are provided at each meeting.

The Board discussed progress against strategy, focusing on product diversification, technology modernisation and succession planning on an ongoing basis. In addition, the Board also discussed global regulatory developments, the covid-19 pandemic and the conflict between Russia and Ukraine.

Corporate governance report continued

During the year, the Board focused on the key matters detailed below:

Key matters considered by the Board in the year ended 31 March 2022	
June 2021	• Going concern and long-term viability review (Finance, Risk management) • Annual Report and Accounts 2021 and dividend review and approval (Finance) • Board workshop (Governance) • Sustainability report (Governance) • Conflicts of interest framework (Compliance, Governance)
July 2021	• Client and product strategy (Strategy) • Pillar 3 disclosure (Risk management) • Technology and budget for a new platform (Strategy, Finance)
September 2021	• Business Risk Framework review (Risk) • Office structure (Strategy, HR, Finance) • Group governance structure review (Governance)
November 2021	• Going concern review (Finance) • Interim report review (Finance) • Interim dividend proposal (Finance) • Conduct risk review (Risk, Compliance) • Separation of Record plc and Record Currency Management Limited Boards and RCML Board membership (Governance) • Change of the corporate bank provider (Finance)
February 2022	• Financial crime review (Compliance) • Money laundering risk assessment (Compliance, Risk) • New risk framework review (Risk) • Closed periods review (Finance, Compliance) • Third-party products review (Strategy) • Record plc Board terms of reference review (Governance) • Employee engagement survey (Workforce)
March 2022	• Three-year strategic plan (Strategy) • FY-23 budget (Finance) • Risk capital methodology (Risk) • Introduction to Record Digital Asset Ventures (Strategy)

Board activity

Meeting frequency and attendance

The Board met six times between 1 April 2021 and 31 March 2022 to review financial performance and to follow the schedule of matters reserved for its decision and approval. Comprehensive Board papers, comprising an agenda and formal reports and briefing documents, are sent to Directors in advance of each meeting. Directors are regularly informed by senior executives and external advisers on the Group's affairs, including commercial, regulatory, legal, corporate governance and other relevant matters.

Appropriate and timely notice is given of all Board meetings and all Directors receive information in advance so that if they are unable to attend, their input can be tabled and taken into consideration. The Board has regular 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 2022.

Directors are expected to attend all meetings of the Board. Details of Board meeting attendance are included in the table below:

Meetings in the year: 6	
Neil Record	6/6
Leslie Hill	6/6
Steve Cullen	6/6
Tim Edwards	6/6
Matt Hotson	4/4
Krystyna Nowak	3/3

Former Directors who served during the year	
Jane Tufnell	1/1
Rosemary Hilary	3/3

Matt Hotson attended four meetings due to his appointment in July 2021.

Krystyna Nowak attended three meetings due to her appointment in September 2021.

Jane Tufnell stepped down in July 2021 and therefore attended one meeting.

Rosemary Hilary stepped down in September 2021 and therefore attended three meetings.

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

Board effectiveness

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. Following the appointment of Matt Hotson in July and Krystyna Nowak in September, a comprehensive and tailored induction programme was provided and is ongoing. This induction includes briefings with the Chairman, Executive Directors and senior management to help new Directors familiarise themselves with their duties and the Group's culture and values, strategy, business model, operations, risk 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.

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.

Board performance evaluation

The Board is required by the Code to undertake an annual evaluation of its performance. The Code states that "There should be a formal and rigorous annual evaluation of the performance of the Board, its Committees, the Chair and individual Directors".

The Code recommends that evaluation of the Board of FTSE 350 companies should be externally facilitated at least every three years.

The last externally facilitated Board effectiveness workshop was conducted in March 2021 and further details were provided in the Nomination Committee report of the Annual Report and Accounts 2021. This year Record decided to undertake an internal Board and Committee evaluation by using a questionnaire tailored to the specifics of the Company and its business.

Individual appraisal of each Director's performance is undertaken by the Chief Executive Officer and the Chairman. The Senior Independent Director conducts an annual appraisal of the performance of the Chairman with input from the other Board members. The outcome of these appraisals in 2022 was positive and all roles were considered to be undertaken effectively.

Corporate governance framework

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

The diagram below gives an overview of the Group's core governance framework.

Record plc Board	Record Currency Management Limited Board
Board Committees	**Operational Committees**
Nomination	Investment
Remuneration	Portfolio Management Group
Audit	HR
	Sustainability

Record plc – 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 with a separate report from:

- Nomination Committee – report set out on pages 67 to 69;
- Audit Committee – report set out on pages 70 to 75; and
- Remuneration Committee – report set out on pages 76 to 93.

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

The work undertaken by the Nomination, Audit and Remuneration Committees was reviewed by the respective Committee Chair to assess each Committee's effectiveness during the year. The reviews concluded that the Committees were operating in an effective manner and no concerns were raised and these conclusions were reported to the Board accordingly.

Record Currency Management Limited – Operational Committees

The subsidiary Board has four Committees responsible for operational oversight and decision-making as follows:

Investment Committee

Role: The Board has delegated the responsibility for authorising changes to existing investment processes and for approving new investment strategies to the Investment Committee.

Members: The Committee consists of the Chief Investment Officer, the Chief Executive Officer, the Group Chairman, the Head of FX Risk Management Solutions, the Director of Enhanced Passive and Rates and the Head of Macro Research.

Meetings: The Committee meets as necessary, responding both to internal developments and external events.

Reporting: Reports on the activities of the Committee are presented at each formal Record plc and RCML Board meeting for review and comment.

Portfolio Management Group

Role: The Group is responsible for client take-on, new and amended products/service operational approval, business as usual operational activities and operational incidents, errors and breaches.

Members: The Chief Operations Officer, the Head of Client Onboarding, the Head of FX Risk Management Solutions, the Head of Portfolio Implementation, the Head of Reporting, the Head of Front Office Risk Management and the Head of Trading.

Meetings: The Group meets at least once a week and as necessary in response to individual or specific events requiring review.

Reporting: Reports on the activities of the Group are presented to the RCML Board meeting for review and comment.

Corporate governance report continued

Corporate governance framework continued

Record Currency Management Limited – Operational Committees continued

HR Committee

Role: The Committee is responsible for the development and review of the Group Human Resources strategy, approach to the systems for performance management, staff remuneration and benefits, training and development and ensures rigorous and transparent employment policies, procedures and systems are in place and kept under review.

Members: The Chief Executive Officer, the Head of HR and the HR Director.

Meetings: The Committee meets at least once a month and as necessary in response to individual or specific events requiring review.

Reporting: Reports on the activities of the Committee are presented to the RCML Board meeting for review and comment and to the Record plc Board meeting.

Senior Sustainability Office ("SSO")

Role: The SSO is responsible for delivering on Record's commitment to be a sustainability leader and in ensuring Group efforts are strategically aligned with the principles of sustainability and that environmental, social and governance principles are embedded in Group decision-making processes.

Members: The Chief Executive Officer, the Chief Investment Officer, the Head of Trading, the Head of Macro Research, the Head of HR and the Sustainability Coordinator.

Meetings: The Office meets at least once a month and as necessary in response to individual or specific events requiring review.

Reporting: Reports on the activities of the SSO are presented to the RCML Board meeting for review and comment and to the Record plc Board meeting.

Internal control and risk management

The Board has overall responsibility for the Group's systems of internal control and the management of significant risks. The Board sets appropriate policies on internal control, which are reviewed annually. The authority for the operational risk management is delegated to the RCML Board.

The Board seeks ongoing assurance from the RCML Board, the Head of Business Risk, the Head of Compliance and senior management about the effectiveness of the internal controls, which include operational and compliance controls, risk management and the Group's high-level internal control arrangements. Such a system of internal controls is designed to manage, rather than eliminate, risk of failure to meet business objectives and can only provide reasonable and not absolute assurance against material misstatements or loss.

Further information on the Group's risk management framework is provided on pages 49 to 50 of the Strategic report.

The Record plc Board has undertaken a review of the effectiveness of internal controls for the year ended 31 March 2022 and is satisfied that the internal control environment is appropriate (see "Internal controls and risk management" on page 63).

Approved by the Board and signed on its behalf by:

Kevin Ayles
Company Secretary

20 June 2022

Nomination Committee report

This year the Nomination Committee has focused on succession plans for the Board and senior management and I am confident we are building a highly effective new team to deliver value to our stakeholders. Succession planning continues to be the top priority for the Committee.

Krystyna Nowak
Chair of the Nomination Committee

Role of the Committee

The role of the Nomination Committee is to ensure that the Board and senior management have the optimal talents and experience to enable the Company to grow, compete in its markets and manage risks effectively.

The Committee serves both Record plc and the Group's FCA regulated entity, Record Currency Management Limited.

Committee meeting attendance

Jane Tufnell	3/3
Rosemary Hilary	4/4
Krystyna Nowak	2/2
Matt Hotson	3/3
Tim Edwards	6/6
Neil Record	6/6

Matt Hotson attended three meetings due to his appointment in July 2021.

Krystyna Nowak attended two meetings due to her appointment in September 2021.

Jane Tufnell stepped down in July 2021.

Rosemary Hilary stepped down in September 2021.

Nomination Committee report continued

I am pleased to present the Nomination Committee report for the year ended 31 March 2022. This will be my first report as Chair of the Nomination Committee since I joined the Record plc Board in September 2021. I would like to thank Jane Tufnell for her contribution during her five years as the previous Chair of the Committee.

Key responsibilities

The key responsibilities of the Committee are to:

- review the structure, size and composition of the Board and Committees including the diversity and balance of skills and experience;
- consider succession planning for Directors and other senior management;
- identify and nominate for the approval of the Board candidates to fill Board vacancies; and
- review annually the time commitment required of Non-executive Directors.

Membership of the Committee

I chair the Committee and am supported by the other independent Directors, Matt Hotson and Tim Edwards, and the Group Chairman, Neil Record.

Committee meetings

The Committee met on six occasions during the year ended 31 March 2022 and invited the Chief Executive Officer and the Head of Human Resources and Company Secretary to join the meetings as the Committee considered appropriate. Committee member meeting attendance is detailed above.

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

Key areas of focus

Board composition

The Committee continues to focus on ensuring that the Board has the skills and experience to ensure the Group can develop strategic growth plans by diversifying its products, investing in technological change and developing robust succession plans. After Jane Tufnell and Rosemary Hilary stepped down during the year, the Committee reviewed the composition of the Record plc Board by taking into consideration the priorities of the business, the need for diversity and compliance with the Corporate Governance Code 2018 and two new candidates were selected, namely Matt Hotson and myself. During the selection process, Matt was immediately shortlisted due to his strong financial services experience, having worked for more than 25 years at leading FTSE 100 companies, which made him a perfect candidate for the position of Chair of the Audit Committee. Due to my background and experience in the banking sector and executive search, in particular focused on governance and Board succession planning, the Board decided that I would be a suitable candidate for the role of Chair of the Nomination Committee.

Appointment of Tim Edwards as Senior Independent Director ("SID")

Following the resignation of Jane Tufnell, the Committee reviewed the role of Senior Independent Director ("SID") and decided that Tim Edwards was the most suitable candidate for this role. In addition, Tim has continued as the designated Non-executive Director for workforce engagement.

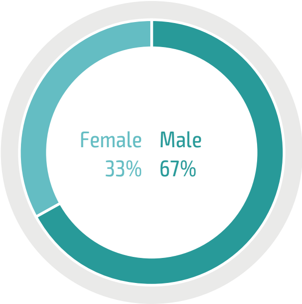
Board diversity

The Group's Board Inclusion and Diversity Policy was last reviewed by the Committee in January 2022 and was updated to ensure that the Board was championing inclusion and diversity through clear tone from the top and that it aligned with the many inclusion and diversity initiatives for the broader staff group. The Committee also acknowledged that future 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 is appropriate and meets the gender target set in the Group's Board Diversity Policy.

Nomination Committee report continued

Board gender



Board tenure

As at year end

Board competency matrix

One of the main focuses of the Nomination Committee this year and going forward is succession planning and as a result a Board competency matrix has been prepared to analyse the competencies of the current Board members and to highlight any gaps in the Board's skills and competencies. The results of the analysis will be used in the future when new members are to be identified and selected to fill the available positions on the Board and it will also lead to some training and development opportunities for Board members. The current Board composition is considered to be adequate and with appropriate skills to promote the success of the Company and to deliver the agreed strategy.

Tenure and effectiveness of the Chairman

The UK Corporate Governance Code recommends that the Chair should not remain in post beyond nine years from the date of appointment to the Board. The Committee is aware that Neil Record has been in post since Record's IPO in 2007. The Committee has reviewed this tenure and has noted the benefits of continuity of the Board Chair during a period of continued transition for the business. Previous discussion of the issue by the Committee Chair with major shareholders has confirmed they remain confident with Neil's ongoing tenure.

The Committee has concluded that Neil's extensive experience in the currency industry as well as his leadership and challenge to the Board during this time of business transition supports the decision to retain him as Chair for the foreseeable future. The Committee Chair conducted a review of the Board Chair with all Board members in 2021. The review concluded that Neil had made a very positive contribution in the period and he continues to provide valuable support to both the business and Leslie Hill as Chief Executive Officer.

The tenure of the Chair will continue to be reviewed by the Committee on an annual basis and the succession plan for the Chair of the Company will be prepared for the Committee's consideration.

Performance of the Directors and the Board

Having undertaken an externally facilitated Board review in 2021, Record undertook an internal Board evaluation in March 2022 based on a self-assessment questionnaire considered appropriate for the size of the business and the environment that the Company operates in. The focus of the evaluation was directed to matters such as Board structure, information that is presented to the Board, Board discussions, Board Committees and Board dynamics.

The outcomes of the Board evaluation have been discussed by the Committee, which in turn reported the results to the Board. The Non-executive Directors, led by the SID, also met without the Chair present to evaluate his performance during the year, which they considered satisfactory.

Looking forward

The focus for the Committee continues to be succession planning, including for the roles of Chair and Chief Executive Officer. With Leslie Hill driving the delivery of the Group strategy over the next three years, we will be working during this time on CEO transition planning to ensure a smooth and seamless handover at the appropriate time.

Approved by the Committee and signed on its behalf by:

Krystyna Nowak
Chair of the Nomination Committee

20 June 2022

I am pleased to confirm the Committee has continued to be central to the oversight of the Group's financial reporting, control and assurance processes and internal and external audit.

Matt Hotson
Chair of the Audit Committee

Role of the Committee

The role of the Audit Committee is to encourage and safeguard a high standard of integrity in financial reporting 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 ("RCML").

Committee meeting attendance

Rosemary Hilary	3/3
Jane Tufnell	3/3
Tim Edwards	6/6
Matt Hotson	3/3
Krystyna Nowak	3/3

Matt Hotson attended three meetings due to his appointment in July 2021.

Krystyna Nowak attended three meetings due to her appointment in September 2021.

Jane Tufnell stepped down in July 2021.

Rosemary Hilary stepped down in September 2021.

Audit Committee report

I am pleased to present the Audit Committee report for the year ended 31 March 2022 ("FY-22"). This will be my first report as Chair of the Audit Committee since I joined the Record plc Board in July 2021. I would like to thank Rosemary Hilary for her contribution during her five years as the previous Chair of the Committee.

Committee duties

At the beginning of the 2022 financial year the Record Group decided to review and dedicate more time to the risk management framework and risk culture in the business and it was decided that risk management should be reported to and discussed at Board meetings, allowing the Audit Committee to focus on the audit agenda. The Head of Business Risk, a new role created in April 2021, led the review and successfully implemented changes to the risk management framework. It is now a well-established system where the Record plc Board dedicates sufficient time to discussing risk at the Group level and the RCML Board is responsible for overseeing risk on the operational level.

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

Financial internal controls and operational conflicts of interest:

- monitoring and reviewing the Group's internal financial controls;
- review of the Group's annual statement on its systems of internal financial controls prior to endorsement by the Board.

Whistleblowing and fraud:

- overseeing whistleblowing arrangements by which staff may raise concerns about possible improprieties in financial reporting or other matters; and
- reviewing the Group's procedures for detecting fraud and investigating and handling allegations from whistleblowers and ensuring that arrangements are in place by which Group employees may in confidence raise concerns about possible improprieties in financial reporting and financial controls.

External audit:

- making recommendations relating to the appointment, re-appointment and removal of the external auditor and overseeing any tender of external audit services;
- 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, taking into consideration relevant UK professional and regulatory requirements; and
- overseeing the provision of any non-audit services by the external auditor.

Internal audit:

- reviewing and approving the role, mandate and annual internal audit plan of the internal audit function, ensuring that the function has the necessary resources and access to information to enable it to fulfil its mandate;
- monitoring and reviewing the effectiveness of the Group's internal audit function; and
- reviewing and monitoring management's responsiveness to the internal auditor's findings and recommendations.

Financial reporting:

- monitoring the integrity of the Group's financial statements, including the review of this Annual Report and any other formal announcements relating to the Group's performance;
- reviewing any significant financial reporting judgements;
- reviewing the assumptions and any qualifications made in support of the going concern statement and the longer-term viability statement; and
- reviewing the application and consistency of accounting policies and accounting standards.

The full terms of reference of the Committee were last updated and approved by the Board in April 2022. They comply with the UK Corporate Governance Code (the "Code") and are available on the Group's website or from the Company Secretary at the registered office address.

The Chair of the Committee provides regular reports to the Board detailing how the Committee has discharged its responsibilities as set out in its terms of reference.

Audit Committee report continued

Membership of the Committee

Rosemary Hilary chaired the Committee until July 2021 when she stepped down and I was appointed successor. I am supported by the other independent Directors: Krystyna Nowak and Tim Edwards.

The Board considered that I was the most appropriate independent Director for the role of Audit Committee Chair due to my financial services experience gained through the role of CFO in various listed companies and this view is supported by the other members of the Committee. The Board is satisfied that by virtue of their 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 58 and 59.

The composition of the Committee complies with the Code provision for smaller companies requiring at least two independent Non-executive Directors throughout the year.

Committee meetings

The Committee met six times during the year ended 31 March 2022, being four quarterly meetings and two meetings ahead of results announcements. The meetings were also attended by the Chief Executive Officer, the Head of Compliance, the Head of Business Risk, the Chief Financial Officer and the Chief Operating Officer.

Representatives from BDO attended four meetings as the incumbent external auditor and the Deloitte internal auditor partner attended all six meetings. Minutes of the meetings were documented by the Company Secretary and retained on file.

Committee member meeting attendance for the year ended 31 March 2022 is detailed on page 70.

The Committee also separately met the Group's external auditor on one occasion and the internal auditor on one occasion, providing an opportunity for them, privately and in confidence, to raise matters of concern.

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.

Committee Chair meetings

During the year the Chair of the Committee has had separate discussions with the key people involved in the Company's governance, including the Board Chairman, the Chief Executive Officer, the Chief Financial Officer, the Head of Compliance, the Head of Business Risk, the Company Secretary and also the external audit partner and the internal audit partner to obtain updates and insights into business activities.

Committee evaluation

An internal review of Committee effectiveness was overseen as part of the Board evaluation process in March 2022. The conclusion was that the Committee was effective in carrying out its duties.

Committee activities

The Committee has discharged its responsibilities under its terms of reference for the period under review by the following actions:

- reviewing the form, content and integrity of financial information prior to release, including the Annual and Interim Reports;
- reviewing the content of each of the Interim Management Statements for subsequent Board approval;
- reviewing the adequacy and effectiveness of the Group's internal controls and risk management systems (before the delegated authority for risk was transferred);
- considering the Pillar 3 disclosures prior to their recommendation for acceptance by the Board;
- receiving and reviewing internal audit updates and reports;
- evaluating the performance and independence 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 for the interim review and the final audit;
- assessing the external auditor's concluding report for the interim review and the year-end financial statements;
- evaluating the performance of the external auditor over the period;
- reviewing regular reports by the Head of Compliance and the Head of Business Risk detailing internal compliance and risk management activities and issues (before the delegated authority for risk was transferred); and
- examining departmental KPI and KRI data to ensure financial risks are identified and appropriately addressed by management.

Key areas of focus

Risk management changes and risk appetite review

During the year the Board and the Committee approved the new Business Risk Framework and undertook a comprehensive review of risk registers and appetites across the Group. This included the implementation of a new risk management system, a review of the risk evaluation process and all risk appetites. The ICARA risk capital review was also conducted and approved. The governance change, for risk to be discussed at Board meetings alongside strategy and operational matters, was implemented.

Review of the regulatory landscape

Briefings on regulatory developments were provided to the Committee at each meeting by Deloitte as internal auditor and by the Head of Compliance. Topics included IFPR, FCA policy and discussion statements, FRC guidance and regulatory changes in other jurisdictions relevant to Record.

Technology and systems

Before the delegated authority for internal controls and risk management was transferred from the Audit and Risk Committee to the main Board of the Group, the Committee considered and received regular updates from the Chief Technology Officer and the Head of Strategic Initiatives who also attended meetings to respond to the Committee's questions related to the changes to technology and infrastructure, the digital platform development, the timelines and budget connected with the project and the risks associated with it. The Committee has received reassurance that there is appropriate management involvement and oversight of the IT projects being undertaken. The Committee has been satisfied that business and technology risks are being considered and monitored and that controls are in place as necessary.

Third-party assurance services

RSM UK Risk Assurance Services LLP ("RSM") was appointed in January 2020 to conduct the Reporting Accountant and Independent Service Auditor (ISAE 3402/AT-C 320) reports on internal controls on an annual basis. Their report for 2022 is scheduled to be completed on 30 June 2022.

Conflicts of interest

During the year the Committee and the Board undertook a comprehensive review of the Conflict Management Framework together with the Conflicts of Interest Policy, the Gifts and Entertainment Policy and the Conflicts of Interest Register and relationships log. Both the Audit Committee and the Board confirmed they were comfortable with the conflicts of interest structures and controls in place.

Financial reporting

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

During the year, the Committee also considered the significant financial and regulatory reporting issues and judgements made in connection with the financial statements and the appropriateness of accounting policies. In particular, the Committee considered management reports providing assessments of the internal controls environment, future cash flows, going concern and ongoing viability.

The Committee was satisfied that all judgements made by management which affect financial reporting, have been made in accordance with the Group's accounting policies and made a recommendation to the Board that it was appropriate for the Group to adopt the going concern basis of accounting in preparing the half-year and annual financial statements for the year ended 31 March 2022.

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

The Committee is satisfied that the financial reporting control framework operated effectively after considering reports from both management and the external auditor.

The Committee has reviewed the narrative statements in the Annual Report to ensure they are fair, balanced and understandable and consistent with the reported results, and also reviewed the auditor's findings report which identified no significant issues.

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

Internal controls and risk management

Prior to the responsibility for risk management transferring to the Board, the Committee was providing oversight and independent challenge to the internal controls and risk management systems of the Group.

In July 2021 the Committee undertook a detailed review of the Group's Pillar 3 disclosures which had been prepared in accordance with the Capital Requirements Directive. The Committee members agreed they were satisfied with the disclosures made in the document and recommended the Pillar 3 disclosures for the Board's approval.

The Committee has reviewed and evaluated the system of internal controls and risk management operated within the Group, and is satisfied that the internal control environment is appropriate. More information on the Group's risk management framework is given in the Strategic report on pages 49 and 50.

Audit Committee report continued

Internal audit

The internal audit function undertakes a programme of reviews as approved by the Committee, reporting the results together with its advice and recommendations to the Committee. The function is provided by Deloitte LLP ("Deloitte") under an outsourcing contract which commenced in May 2010. The objectives and responsibilities of internal audit are set out in a charter reviewed and approved on an annual basis. The charter was last reviewed and approved by the Committee in June 2022. Deloitte reports directly to the Committee and the relationship is subject to periodic review.

Russell Davis was appointed as the Deloitte internal audit partner, succeeding Terri Fielding, who had been the previous partner for seven years.

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 deep-dive thematic and risk-based audits and also high level in-flight reviews of specific projects as agreed by the Committee, Deloitte and management. Each review is scoped at the start of the audit to ensure an appropriate focus reflecting business activities, the market environment and regulatory matters. The 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. The Committee has reviewed the findings and recommendations made by the internal auditor and has aimed to ensure 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 has monitored whether sufficient and appropriate resources are dedicated to the internal audit function and this has been reported to and noted by the Board.

External audit

A tender process was last conducted in 2020, when BDO was approved by shareholders at the AGM as the Company's external auditor. Orla Reilly, who had previously worked on the external audit, was appointed as statutory auditor in January 2022, succeeding Neil Fung-On. BDO's fees and the terms of the audit engagement letter for the year ended 31 March 2022 were approved by the Committee in January 2022.

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. The Committee discussed the findings with the auditor and was satisfied with the conclusion reached by the auditor that there was no evidence of material misstatements. The Committee has confirmed that no material items remained unadjusted in the financial statements.

An assessment of the quality and effectiveness of BDO as the Group's external auditor was considered by way of a review completed by the Committee with the assistance of senior members of the Finance team and with reference to the FRC's practice aid on assessing audit quality, published in December 2019. The Committee evaluated the judgements; mindset and culture; skills, character and knowledge; and quality control demonstrated by BDO throughout the audit process and concluded that BDO had provided a quality 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

During the year the Committee operated 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 was not compromised. The policy adheres to the Financial Reporting Council's revised Ethical Standard issued in December 2019. 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 and monitors fees 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 BDO in the year under review:

- independent auditor report to the FCA on compliance with client asset rules; and
- the interim review work performed on the half-year accounts.

Details of the total fees paid to BDO are set out in note 5 to the accounts. Non-audit fees, excluding audit-related assurance services required under law or regulation, were equivalent to 7% (2021: 8%) of audit fees and were therefore within the permitted cap of 70%.

Assessment of external auditor independence

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

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

Approved by the Committee and signed on its behalf by:

Matt Hotson
Chair of the Audit Committee

20 June 2022

Remuneration report

Our remuneration policy is designed to align the interests of our employees and executives with those of our key stakeholders, including our clients, shareholders and regulators.

Tim Edwards
Chair of the Remuneration Committee

Role of the Committee

The role of the Remuneration Committee is to review and approve the remuneration strategies of the Group, encompassing the Chair, the Executive Directors, and the staff as a whole. The Remuneration Committee also reviews and advises on the remuneration policy and ensures that it complies with regulatory requirements and it promotes good conduct consistent with sound and effective risk management, and is properly disclosed to stakeholders.

Committee meeting attendance

Tim Edwards	7/7
Matt Hotson	4/4
Krystyna Nowak	4/4
Rosemary Hilary	3/3
Jane Tufnell	3/3

Matt Hotson attended four meetings due to his appointment in July 2021.

Krystyna Nowak attended four meetings due to her appointment in September 2021.

Jane Tufnell stepped down in July 2021.

Rosemary Hilary stepped down in September 2021.

Chair of the Remuneration Committee's statement

Introduction

I am pleased to present our Remuneration report for the year ended 31 March 2022. The Remuneration Committee is proposing a new Remuneration Policy in the year ended 31 March 2023 for the next three years and our report is split into three sections:

- our new Remuneration Policy;
- the annual report on remuneration for 2021-22; and
- the role and activity of the Remuneration Committee.

New Remuneration Policy

Remuneration principles

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

Our key remuneration principles are:

- a consistent remuneration structure for all employees, not just Directors, which is transparent and straightforward;
- our employees should be rewarded and incentivised to deliver profitable business growth;
- remuneration should comprise i) fixed salary, pension and benefits; ii) variable remuneration based on individual and Company performance; and iii) longer-term incentives based primarily on Company performance; and
- Executive Directors' remuneration should include a deferred element, which is satisfied by paying it in the form of equity.

Priorities for the new Remuneration Policy for 2022

A new Remuneration Policy is being put forward to our shareholders for approval at our AGM in July 2022. In setting this policy, the priorities for the Remuneration Committee have been to ensure that remuneration structures and performance measures:

- motivate and retain our CEO to deliver our three-year strategy;
- create a remuneration structure that aligns with and supports our succession plans;
- use robust performance metrics to ensure payment for success; and
- align the interests of our Executive Directors with those of our shareholders.

Proposed changes to our Remuneration Policy

Background: total remuneration spend

The Group is in a three-year transitional phase where the current senior managers prepare to hand over to the next generation under our succession plans. Over the medium term, the Board has set a target ratio of total remuneration costs to be up to 50% of revenue. This includes all remuneration costs for Directors and staff. In total, the Executive Directors' and Staff Bonus Schemes will be capped at 35% of operating profit pre-bonuses.

CEO remuneration structure

To deliver the Group's three-year strategy, the Board believes that it is imperative that our current CEO, Leslie Hill, continues to drive this strategy. Our new Remuneration Policy for our CEO has therefore been designed to ensure that she is motivated and incentivised to deliver this three-year strategy whilst acknowledging that she is a significant shareholder and therefore fully aligned with shareholders over the longer term. Leslie will receive a salary and participate in the Executive Directors' Bonus Scheme.

The proposed CEO remuneration structure is unique to Leslie and, as we work on CEO transition planning, has been designed to ensure a smooth and seamless handover at the appropriate time. It is envisaged that when her successor is appointed, the CEO remuneration package will be re-considered so as to maintain alignment with the long-term strategy of the business.

Executive Directors' Bonus Scheme

In determining annual bonus outcomes, the focus is on paying for performance. There is a balance between a formulaic and discretionary approach to assessing performance and determining bonus awards. The CEO and CFO will participate in the Executive Directors' Bonus Scheme. The Committee will ensure that the measures and targets used to determine the variable elements of the Executive Directors' remuneration are aligned with the strategic three-year plan and key performance indicators. 75% of any Executive Director bonus will directly relate to the delivery of annual profits and 25% will relate to strategic objectives, focused particularly on progress in product diversification, technology and succession planning – and appropriate metrics will apply to each of these components.

Executive Directors are required to take one-third of their bonus 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 bonus payment to be paid in shares. The remaining amount can be taken in cash.

Chair of the Remuneration Committee's statement continued

Proposed changes to our Remuneration Policy continued

LTIP

A new performance share plan will be introduced to align, incentivise and retain Executive Directors and senior managers over the long term. LTIP awards will be granted up to 150% of base salary, with the vesting of awards subject to the satisfaction of three-year targets and continued employment. Any vested shares must be held for a two-year post-vesting holding period. Performance measures will comprise an EPS condition (as to two-thirds of the award) and a TSR condition (as to one-third of the award) with performance measured relative to a benchmark. The CFO, Steve Cullen, and the Record Currency Management Limited subsidiary Board members will initially participate in the LTIP. This replaces the previous share option scheme for the Executive Directors, although the scheme can still be used to award options to staff.

JSOP and Share Scheme

Alongside the LTIP, we will maintain the Joint Share Ownership Plan ("JSOP") and Share Scheme to accelerate the acquisition of shares for the next generation of management as part of our succession plans.

Staff Bonus Scheme

Staff bonus awards relate to performance during the period against objectives, measured by the line manager and approved by the HR Committee, with those identified as Material Risk Takers ("MRTs") bonus payments being subject to Remuneration Committee review.

Group performance for 2021-22

The year to 31 March 2022 has seen revenues increase by 38% compared with last year, an increase in operating profit of 76% and our AUME reached $83.1 billion. Our Group Profit Share Scheme pool was 34% of pre-GPS underlying operating profit, which represented £5.7 million, directly linking the Company's financial performance to the size of the variable remuneration pool. The payments made under the Group Profit Share Scheme increased by 78% compared to the previous period.

Executive Directors were awarded profit share units under the Group Profit Share Scheme by the Remuneration Committee based on their individual level of performance measured against their objectives. Some discretion was exercised by the Committee in the allocation of these profit share units. Details can be found within the annual report on remuneration.

The Remuneration Committee also received input from the Head of Compliance, who reports any legal or compliance issues that relate to Executive Directors who are due to receive awards under the Scheme. Payments were made in accordance with the Group Profit Share Scheme rules and were approved by the Committee.

No option awards were made to Executive Directors during the year and details of previous awards can be found on page 87. No options vested for Executive Directors during the year as the performance conditions had not been met. Details can be found on page 79.

Executive Director remuneration outcomes 2021-22

To reflect Leslie Hill's leadership and critical value in delivering the change in strategy and succession, and consistent with the inflationary increase in remuneration for staff generally, her salary was increased to £682,500 from 1 April 2022. Leslie's variable remuneration was based on her performance against agreed objectives and this is detailed on page 86.

To reflect the increasing breadth of Steve Cullen's role with the expansion of the Record Group, his salary was increased to £150,147 from 1 April 2022. Steve's variable remuneration was based on his performance against agreed objectives and this is detailed on page 87.

Alignment with shareholders

As at 31 March 2022, 37% of the Company's shares were held by the Chairman and the Directors, and each of the current Executive Directors has a shareholding significantly greater than 150% of their base salary. In addition, 61% of the Company's employees are shareholders.

Engaging with employees

The Remuneration Committee takes an active involvement in remuneration for the whole Company. Record staff participate in both the current Group Profit Share Scheme and the Share Option Scheme and the Remuneration Committee reviews all GPS and option awards. A significant proportion of our colleagues are shareholders, so are able to express their views in the same way as other shareholders.

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

In my role as Employee Engagement Director, leading our workforce engagement initiatives, I have been working closely with Kevin Ayles, Head of HR and Company Secretary. We have been able to seek the views of the wider workforce on a range of topics including strategy, remuneration and working arrangements, through our employee engagement survey, meetings and conversations with staff.

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. The Remuneration Committee takes into account shareholder views received in relation to resolutions to be considered at the AGM each year, and values shareholder feedback when forming remuneration policy.

Tim Edwards
Chair of the Remuneration Committee

20 June 2022

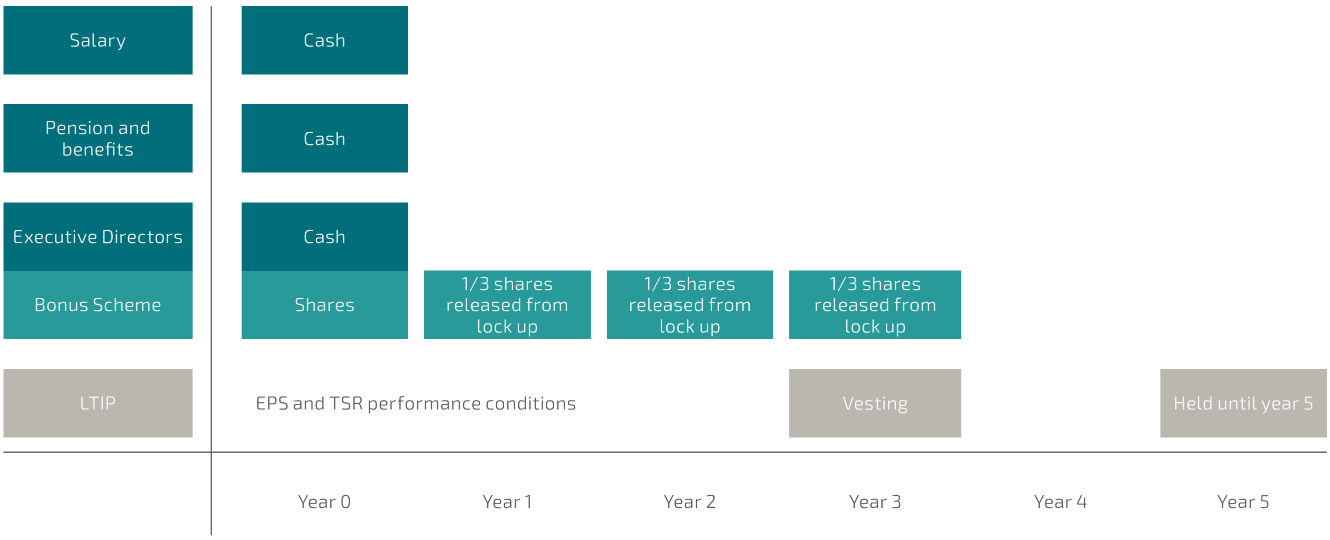
Remuneration Policy to be proposed to shareholders at the AGM

The Directors' Remuneration Policy, modified as described in the Remuneration Committee Chairman's statement and set out in full below, is proposed by the Remuneration Committee and the Board. Shareholders will be asked to approve the new Policy at the 2022 AGM on 29 July 2022. This Policy will take effect for Directors from the date of its approval and is expected to be applied for the next three years. The Company's previous Remuneration Policy will continue to apply awards and entitlements granted under it.

In summary, the key proposed policy changes are to introduce an LTIP, the separation of the Executive Directors' Bonus Scheme and the Staff Bonus Scheme and to target a ratio of total remuneration costs to revenue. These changes are designed to motivate and retain our CEO to deliver our three-year strategy and to create a remuneration structure that aligns with and supports our succession plans.

Summary remuneration structure

The table below illustrates the remuneration structures that we have in place for Executive Directors.



Note: Executive Directors are required to take one-third of their bonus payment in shares, which are locked up and released over three years. Executive Directors can elect to take a further third of their bonus payment in shares, and these have no lock up.

Total remuneration spend

Over the medium term, the Board has set a target ratio of total remuneration costs to be up to 50% of revenue. This includes all remuneration costs for Directors and for staff.

Executive Directors can participate in the Executive Director Bonus Scheme and the LTIP. Staff remuneration schemes have also been included in the Remuneration Policy, to provide shareholders with full transparency of remuneration and the alignment with future succession planning.

Executive Director fixed remuneration

Executive Directors receive a basic salary, pension and certain standard benefits such as private medical insurance, life assurance and permanent health insurance.

Executive Directors' Bonus Scheme

The Executive Directors' Bonus Scheme is our annual short-term variable remuneration structure and both the CEO and CFO participate in the Scheme. The Remuneration Committee will ensure that the measures and targets used to determine the variable elements of the Executive Directors' bonus are aligned with the strategic three-year plan and key performance indicators. The purpose is to ensure that there is a transparent link between our business strategy and the Executive Directors' contribution in delivering it, that the assessment of individual performance is clear, and that variable remuneration rewards high levels of Company performance.

The Executive Directors' bonus pool will be determined as follows:

- **Financial (75%)** The Committee will consider the firm's financial performance and, specifically, delivery of operating profit against targets for the year.
- **Non-financial (25%)** The Committee will assess strategic progress made during the year and will focus specifically on progress in product diversification, technology and succession planning. These are all fundamental to the Group's long-term success. Performance of each Executive Director against agreed objectives will also be considered.

The Remuneration Committee determines the bonus pool size, which together with the Staff Bonus Scheme will not exceed 35% of profits. The Scheme is discretionary and there is no contractual right to receive a bonus.

Bonus payments are made in cash and in shares. To ensure that the interests of management and shareholders are aligned, Executive Directors are required to take a proportion (initially one-third) in shares, 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 bonus payment date. Additionally, Executive Directors are offered the opportunity to elect for up to a further one-third of their bonus to be paid in shares, which has no lock up. The remaining one-third is paid in cash.

Remuneration report continued

Remuneration Policy to be proposed to shareholders at the AGM continued

LTIP

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 that aligns their interests with those of the shareholders. The new LTIP will be implemented to align senior management remuneration with the Company's long-term business success and it is envisaged that the CFO, Steve Cullen, and the Record Currency Management Limited subsidiary Board members will initially participate in the LTIP, with the exception of Leslie Hill for reasons explained above.

Initial awards under the LTIP will be subject to the performance conditions set out below and measured over a three-year performance period. Annual awards under the LTIP can be made up to a maximum of 150% of base salary. Any shares received after vesting will be subject to a two-year holding period commencing on the date of vesting. The Remuneration Committee will determine the applicable performance conditions for each annual award and set challenging criteria that are consistent with the Group's strategy. Vesting of LTIP awards to be granted to Executive Directors will be determined as follows:

- **EPS (2/3 of award)** Basic earnings per share is a firm-wide key performance indicator, which supports long-term financial sustainability. The Group aims to grow earnings per share consistently and the Remuneration Committee will set a three-year cumulative EPS threshold target of 15 pence, which would result in the LTIP awards vesting at 25%, rising on a straight-line basis to 100% vesting for a three-year cumulative EPS of 18 pence at the end of the performance period.
- **TSR (1/3 of award)** Relative TSR using a benchmark of the FTSE Small Cap index with vesting based on the outperformance of the index. The threshold target for the TSR portion of the award will be a TSR outcome in the 25th percentile of the index at which 25% of the TSR portion of the award would vest, rising on a straight-line basis to 100% vesting of the TSR portion of the award at a TSR outcome in the 75th percentile of the index.

Following the end of the performance period, the Remuneration Committee will determine the extent to which the performance conditions have been met and the proportion of awards that will vest. The Remuneration Committee will have discretion to adjust the vesting level where it determines appropriate.

Directors' Remuneration Policy table

The following table summarises the key features of each element of the Policy, their purpose and link to strategy, subject to approval at the AGM in July.

Element, purpose and link to strategy	Operation	Performance metrics
Base salary Fixed remuneration that reflects the role, responsibilities, experience and knowledge of the individual.	The Remuneration Committee reviews salaries for Executive Directors on an annual basis. Any review will take into account market rates, business performance and individual contribution. There is no prescribed maximum salary. However, increases are normally expected to be in line with the typical level of increase awarded across the Group.	Not applicable, though individual performance will be considered when reviewing base salary levels.
Benefits To provide a benefits package that provides for the wellbeing of our colleagues.	Benefits include, but are not limited to, private medical insurance, dental insurance, permanent health insurance, life assurance and annual holiday. Executive Directors receive benefits on the same basis as all other employees, at the prevailing rates.	Not applicable
Pension To provide an appropriate retirement income, to aid attraction and retention of high-calibre executives.	Executive Directors receive an employer pension contribution of 11% of salary which can be paid into the Group Personal Pension Scheme or delivered as a cash allowance. The pension contribution for Executive Directors is fully in line with pension contributions paid to all staff (which also comprise an employer pension contribution of 11% of salary).	Not applicable

Element, purpose and link to strategy	Operation	Performance metrics
Bonus Scheme To motivate Executive Directors to achieve sustainable financial performance and strategic objectives aligned with the Group strategy.	Bonus payments are based on performance measured over the financial year. Executive Directors are required to take one-third of their bonus 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 bonus to be paid in shares. The remaining amount is paid in cash. Up to 35% of operating profits (pre-bonus) are allocated in total to the Executive Director Bonus Scheme and the Staff Bonus Scheme. Malus and clawback provisions apply to all awards. Further details are set out below.	Bonus will be based on the achievement of Group financial operating profit targets (75%) and delivery of strategic objectives (25%). Individual awards are based on role, responsibilities and delivery and determined by the Remuneration Committee.
Long Term Incentive Plan ("LTIP") A performance share plan to incentivise delivery of long-term performance and strategy delivery, aligning interests with shareholders.	Awards under the LTIP may be granted as nil or nominal cost options, market value options or conditional share awards. The maximum opportunity for Executive Directors is an award of up to 150% of base salary. Any awards will be delivered in Company shares. Awards vest at the end of a three-year performance period, after which any shares must be held for a two-year post-vesting holding period. Malus and clawback provisions apply to all awards. Further details are set out below. The Committee has discretion in the treatment of leavers as set out below and in respect of the assessment of performance and vesting levels (including to amend performance conditions and measures).	Vesting is based two-thirds on EPS growth and one-third on relative TSR compared with the FTSE Small Cap index. The Remuneration Committee has discretion to set other performance conditions for the future operation of the LTIP.
Share Incentive Plan A share saving plan to encourage long-term equity ownership.	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 2022), which is matched at a rate of 50%.	Not applicable

Notes to the Remuneration Policy table

Staff remuneration schemes

In addition to a basic salary, pension and certain standard benefits such as private medical insurance, life assurance and permanent health insurance, there are a number of share schemes in which staff can participate. These schemes have been implemented to encourage employee share ownership as a means of incentivising, rewarding and aligning employee interests with those of shareholders. The relevant schemes are summarised below and, for the avoidance of doubt, do not form part of the Directors' Remuneration Policy:

Staff Bonus Scheme

Individual bonus awards relate to performance during the year and are measured against objectives, assessed by the line manager and approved by the HR Committee. Bonuses awarded to individuals identified as Material Risk Takers ("MRTs") are subject to Remuneration Committee review.

The actual size of the staff bonus pool will be determined by the accumulation of individual performance and the Remuneration Committee will approve the pool size, within the cap of 35% of operating profits for both the Executive Director and Staff Bonus Schemes.

Bonus payments are made in cash and in shares. Senior Managers and MRTs are required to take a proportion (initially one-third) in shares, 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 payment date. Additionally, Senior Managers and MRTs are offered the opportunity to elect for up to a further one-third of their bonus to be paid in shares, which has no lock up. The remaining one-third is paid in cash.

Remuneration Policy to be proposed to shareholders at the AGM continued

Notes to the Remuneration Policy table continued

Staff Remuneration Schemes continued

Joint Share Option Plan ("JSOP")

The JSOP is designed for key staff to accelerate their acquisition of shares in the Company to further align their interests with those of shareholders. The JSOP requires a financial commitment from individual participants, thereby further aligning the individual's contribution and retention with business performance. Executive Directors do not participate in the JSOP.

Purchased shares are jointly held by the EBT and the employee under the JSOP. The vesting hurdle is set at market value of the shares subject to the JSOP on grant and the participants own any value above the hurdle. JSOP awards vest over a four-year period, one quarter each year, and any share appreciation is settled in shares which are then subject to a two-year holding period.

Share Scheme

The Share Scheme has been designed to award share options to high potential senior managers and staff. Executive Directors do not participate in the Share Scheme. HMRC tax-qualified options ("Approved Options") as well as non-tax-qualified options ("Unapproved Options") can be granted. In total, the value of options granted under the Share Scheme is limited to 2% per annum of the market capitalisation of Record plc (being approximately 4 million shares).

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). Approved Options become exercisable on the fourth anniversary of grant, subject to the participant's continued 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 participant's continued 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, although it can and has delegated to management the task of identifying suitable recipients of options and the number of shares subject to options for those employees below Board level.

Commission Scheme

The Company's Commission Scheme rewards and incentivises staff to grow the business. Executive Directors do not participate in the Scheme, however all other staff are eligible to participate. Any participant is required to meet their individual performance objectives to be eligible for a payment. There is a robust process in place to ensure that the Commission Scheme does not create a conflict of interest in relation to clients. All payments will be reviewed by the Remuneration Committee after input from the Head of Compliance.

Remuneration Policy table for the Chairman and the Non-executive Directors

The table below sets out the Remuneration Policy for the Chairman and the Non-executive Directors.

Element, purpose and link to strategy	Current operation for Chairman and Non-executive Directors	Further information
Fees Fixed remuneration that reflects the role, skills and experience	The Chairman's fees are determined by the Remuneration Committee. The Non-executive Directors' fees are approved by the Board. Increases are normally expected to be in line with the typical level of salary increase awarded across the Group.	Fees are reviewed annually. Any review will take into account market rates, business performance and individual contribution.
Pension and Benefits To enable the Chairman and Non-executive Directors to carry out their roles.	The Chairman receives benefits on the same basis as the Executive Directors, including pension, private medical insurance, dental insurance, permanent health insurance and life assurance.	The Non-executive Directors receive expenses but do not receive any additional benefits.

Service contracts and loss of office payment policy

All Executive Directors have service agreements with the Company. None of the service agreements are 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 LTIP, nor to receive any fixed provision for termination compensation.

Non-executive Directors are appointed for an initial three-year period and are required to provide at least six months' notice of their intention to resign. Their continued engagement is subject to annual re-election by shareholders at the Company's AGM.

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

When an Executive Director leaves the Group, the Remuneration Committee will review the circumstances and apply the appropriate treatment to their final remuneration. Any payments and vesting of share awards under the Executive Director Bonus Scheme and the LTIP will be in accordance with the relevant scheme rules and discretion as set out in those plans at the time the Executive Director leaves. All payments will be in line with contractual entitlements and statutory requirements. No Executive Director will be rewarded for failure.

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

Other matters

Engaging with employees and shareholders, decision-making processes and general employee pay and conditions

The Group's approach to engaging with employees and shareholders is detailed in the Chair of the Remuneration Committee's statement. The Group's remuneration decision-making processes are also summarised in that statement and detailed further above in the Remuneration Policy tables, as well as the general approach to employee pay and conditions.

Malus and clawback

Malus and clawback provisions under all of the Company's incentive schemes (including the Executive Director and Staff Bonus Scheme, LTIP, Share Scheme, Commission Scheme and JSOP) are in line with regulatory requirements. Under the relevant rules, the Remuneration Committee may apply malus and/or clawback where:

- the relevant individual participated in, or was responsible for, conduct which resulted in significant losses to the Company or relevant business unit;
- the relevant individual failed to meet appropriate standards of fitness and propriety;
- there is reasonable evidence of misbehaviour or material error by the individual;
- the Company, or business unit for which the relevant individual is responsible, suffers a material downturn in its financial performance; and/or
- the Company, or business unit in which the relevant individual works, suffers a material failure of risk management.

Source and funding of shares

Share awards under the Executive Director Bonus Scheme and Staff Bonus 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 previous Group Profit Share Scheme in 2007. It remains our intention to continue to operate in this manner in order to minimise potential dilution of shareholders' interests. Similarly, grants under the LTIP and the Share Scheme are not normally satisfied by the issue of new shares, in order to minimise potential dilution. The JSOP uses market purchase shares only. 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 satisfaction of options is based on an appropriate hedge ratio at each grant date, as calculated by management and approved by the Remuneration Committee.

Implementation of Remuneration Policy

The Group has implemented the Remuneration Policy, as approved by shareholders previously. The Remuneration Committee has approved variable remuneration payments for the CEO and CFO based on their performance against their objectives and in accordance with the previous Group Profit Share Scheme rules.

Remuneration Policy to be proposed to shareholders at the AGM continued

Other matters continued

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 Executive Directors' Bonus Scheme and would be eligible to be considered for participation in the LTIP as deemed appropriate by the Remuneration Committee, subject to the applicable policy at the time.

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 a buyout 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.

Executive shareholding policy

Any new Executive Director will be encouraged to build a shareholding with a value of at least 150% of base salary, for example through the use of the Executive Directors' Bonus Scheme and LTIP scheme, within a reasonable time of being appointed.

At the end of the appointment, an Executive Director would need to retain a shareholding with a value of at least 150% of base salary previously built up through awards under the Company's remuneration schemes (but excluding any shares bought for cash). Half of this shareholding must be held for a period of one year and the other half held for a period of two years.

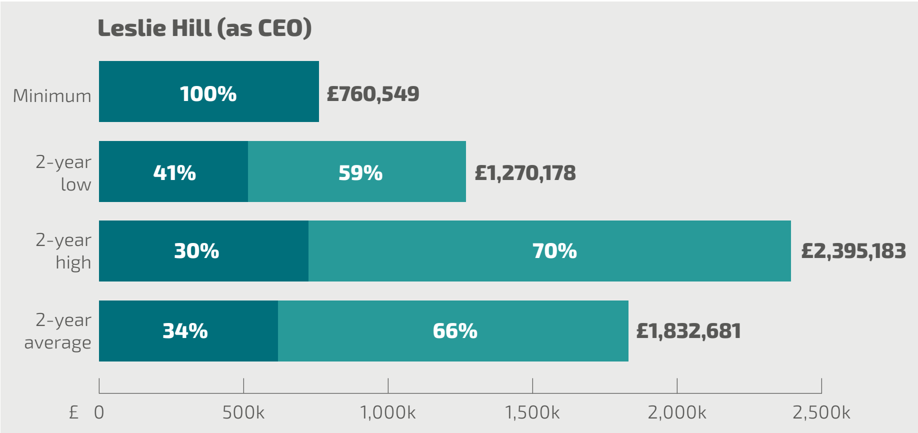
Regulation

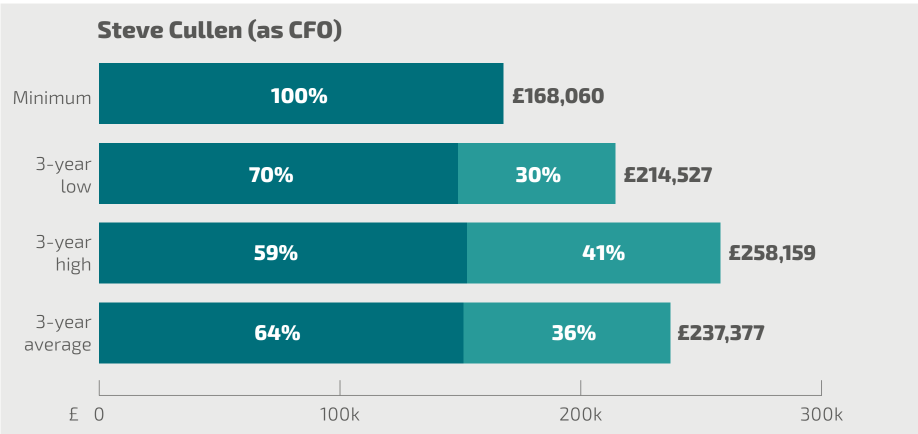
We continue to review our Remuneration Policy in line with regulatory changes and good practice and to ensure compliance with the principles of the Remuneration Code of the UK financial services regulator, as applicable to the Group. In particular, we have reviewed our Remuneration Policy in line with the Investment Firm Prudential Regulation as a non-SNI firm implementing the basic and standard remuneration requirements.

Remuneration Policy – illustrations

The charts below show the lowest, highest and average remuneration for the CEO and CFO over the past two years and three years respectively. 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 two and 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.





Key:
Fixed
Variable

The above charts exclude the value of options granted to Directors.

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 2022 AGM. The information on pages 85 to 91 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 2022 is detailed below together with their remuneration for the previous year.

	Leslie Hill		Bob Noyen (left the Board on 4 February 2021)		Steve Cullen	
Executive Directors	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Salaries and fees	**650,000**	450,000	**—**	242,830	**136,496**	129,997
Benefits[1]	**2,974**	2,325	**—**	1,243	**1,397**	1,128
Pensions[2]	**71,500**	62,250	**—**	33,592	**15,015**	17,983
Total fixed pay	**724,474**	514,575	**—**	277,665	**152,908**	149,108
Short-term incentive (GPS cash)	**1,113,806**	427,420	**—**	84,795	**70,167**	43,612
Short-term incentive (GPS shares)[3]	**556,903**	328,183	**—**	42,397	**35,084**	21,807
Total variable pay[4]	**1,670,709**	755,603	**—**	127,192	**105,251**	65,419
Total	**2,395,183**	1,270,178	**—**	404,857	**258,159**	214,527

	Neil Record		Jane Tufnell (resigned 27 July 2021)		Rosemary Hilary (resigned 16 September 2021)		Tim Edwards	
Non-executive Directors	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Salaries and fees	**81,293**	79,310	**20,515**	63,500	**23,077**	49,862	**53,287**	43,497
Benefits[1]	**3,453**	2,561	**—**	—	**106**	—	**59**	161
Pensions[2]	**8,942**	10,971	**—**	—	**—**	—	**—**	—
Total	**93,688**	92,842	**20,515**	63,500	**23,183**	49,862	**53,346**	43,658

	Matt Hotson (appointed on 30 July 2021)		Krystyna Nowak (appointed on 16 September 2021)	
Non-executive Directors	2022 £	2021 £	2022 £	2021 £
Salaries and fees	**33,526**	—	**27,115**	—
Benefits[1]	**—**	—	**—**	—
Pensions[2]	**—**	—	**—**	—
Total	**33,526**	—	**27,115**	—

1. This value includes matching shares under the SIP scheme, medical benefits, payments made in lieu of medical benefits, overtime payments and reimbursement of taxable travel expenses.
2. This includes payments made in lieu of pension contributions. Pension contributions were decreased from 13.5% to 11% on 1 April 2021.
3. Short-term incentive payments are subject to individual performance conditions summarised in the objectives table below. The shares vest immediately but are subject to lock-up restrictions and are calculated based on the overall profitability of the Group.
4. No options vested or were exercised and no Directors had an option gain in the current year, or in the prior year.

Payments for loss of office and payments made to former Directors

Bob Noyen left the Board of Directors on 4 February 2021 and left employment on 31 March 2021. To assist with the transition and maintenance of client relationships, Bob agreed to provide consultancy support to the Company. Payments in respect of this consultancy support totalled £357,044 in the year to 31 March 2022.

No payments were made to Jane Tufnell or Rosemary Hilary following their resignations in July 2021 and September 2021 respectively.

Annual report on remuneration continued

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 2022, the Group made contributions of 11% 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 2021 and 31 March 2022 are detailed in the tables on page 85.

Allocation of the profit share pool to Executive Directors

The Remuneration Committee is able to exercise discretion over the level of base Group Profit Share units that are awarded to Executive Directors based on the role and level of responsibility. The final allocation is adjusted based on an assessment of the individual Executive Director's performance compared to their objectives. On two occasions during the year, the Remuneration Committee approved awards to the Executive Directors after considering the role and performance of each individual Director for the relevant six-month period. The overall performance for the year for each Executive Director is summarised below. The Remuneration Committee also receives reports from the Head of Compliance regarding any legal or compliance issues relevant to the award.

Leslie Hill

Objectives	Outcomes
Strategic **Sales** Support our sales environment to enhance the sales of both our traditional products and new strategies.	Revenues increased by 38% compared with last year, operating profit increased by 76% and our AUME increased by $3.7 billion, finishing the year at $83.1 billion.
Investments Diversify our investment product offering and build asset management business in Continental Europe.	Product diversification being achieved through our own strategies and collaboration with external partners. EM Sustainable Finance Fund launched in June 2021. BaFin have informed the Group that our application has been approved and Municipal Bond fund developed for the German market.
Technology Modernise our IT platform. Provide long-term flexibility and cost savings.	Good progress in technology, with hybrid cloud and on-premises capabilities expanded and the introduction of customised and cost-effective technology solutions to clients.
Succession and organisational structure Develop an organisational structure that is fit to deliver profitable growth and to support succession.	Creation of a new Record Currency Management Limited Board, changes to the governance structure and new leadership teams in sales, investment and operations as well as the development of a new European team.
Operational **People** Recruit, develop and retain high-performing colleagues as part of Record plc leadership and participation.	This was achieved through the development and retention of high performers in the team.
Press and investors Build positive relationships with investors, brokers, city contacts and press.	Good relationships established.

Award:
200%. Objectives were exceeded and the Committee made an award of 200% to recognise overperformance.

Steve Cullen

Objectives	Outcomes
Strategic Implement opportunities for the Finance team to become more commercial.	New accounting and payroll systems embedded, process efficiencies introduced and manual processes minimised.
Operational **Cost discipline and accounting** Ensure maintenance of cost discipline across the business through adherence to approved budget, and expenditure authorisation policy and procedures.	Cost discipline was maintained throughout the financial year.
Risk management Ensure suitable systems and controls in place within Finance to minimise potential errors/breaches.	No material errors or breaches in routine reporting, confirmed by external audit.
Reporting Ensure timely delivery of key reporting metrics, including the Annual Report, internal audit relationship and investor relations. Meet regulatory reporting requirements.	Annual Report delivered and improvements made to the style of the report. Effective transition to new Investment Firm Prudential Regime capital and liquidity requirements.
Department Ensure appropriate team structure and skills and review areas for improving efficiency.	New team working well together, improved use of technology.
External relationships Continue to develop relationships with external auditors, internal auditors, company brokers and investor relations.	Good relationships established with internal and external auditors. Increased involvement with brokers and investor relations.

Award:
100%. Objectives were met for the period.

Directors' share options and share awards (audited information)

During the financial year ended 31 March 2022 no option awards were made to the Executive Directors.

All of the Executive Directors have previously been awarded share options and the table below sets out details of Executive Directors' outstanding share option awards, which may vest on an annual basis over three, four and five years subject to continued service and performance conditions. The table also sets out any options that have lapsed or been exercised.

Name	Date of grant	Total options at 1 April 2021	Options granted in period	Options lapsed in period	Options exercised in period	**Total options at 31 March 2022**	Exercise price	Earliest exercise	Latest exercise
Leslie Hill	30/11/16	183,334	—	(183,334)	—	**—**	34.072p	30/11/2021	29/11/2022
	26/01/18	186,667	—	(93,333)	—	**93,334**	43.5p	26/01/2022	25/01/2023
	21/08/19	575,000	—	—	—	**575,000**	31.1p	21/08/2022	20/08/2025
Steve Cullen	30/11/16	183,334	—	(183,334)	—	**—**	34.072p	30/11/2021	29/11/2022
	26/01/18	83,334	—	(41,666)	—	**41,668**	43.5p	26/01/2022	25/01/2023
	21/08/19	260,000	—	—	—	**260,000**	31.1p	21/08/2022	20/08/2025

The outstanding share options above vest subject to performance conditions, which are detailed on page 88.

No options were exercised in the year ended 31 March 2022.

Annual report on remuneration continued

Directors' share options and share awards (audited information) continued

Options granted to Executive Directors vest on an annual basis (in years three, four and five) and vesting is subject 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 chosen performance conditions and the EPS outcome which determine the number of options that ultimately vest under the scheme rules reflect this.

Share option awards made to Leslie Hill and Steve Cullen on 30 November 2016 vest in three equal tranches and the third of these vesting dates was 30 November 2021. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 183,333 shares each for Leslie Hill and Steve Cullen.

Share option awards made to Leslie Hill and Steve Cullen on 26 January 2018 vest in three equal tranches and the second of these vesting dates was 26 January 2022. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 93,333 shares for Leslie Hill and 41,666 shares for Steve Cullen.

Share option awards made to Leslie Hill and Steve Cullen on 21 August 2019 vest in three equal tranches and the second of these vesting dates was 26 January 2022. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 93,333 shares for Leslie Hill and 41,666 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 shares at 1 April 2021	Restricted awards during year	Restrictions released during year	**Interest in restricted shares at 31 March 2022**
Leslie Hill	379,841	269,141	(181,686)	**467,296**
Steve Cullen	75,849	20,358	(38,785)	**57,422**

Directors' share interests (audited information)

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

2022	Shares held without restrictions	GPS shares subject to restrictions[1]	**Total shares held[2]**	Share options (subject to performance)	**Total share interests**
Executive Directors					
Leslie Hill	15,480,457	467,296	**15,947,753**	668,334	**16,616,087**
Steve Cullen	1,390,602	57,422	**1,448,024**	301,668	**1,749,692**
Non-executive Directors and Chairman					
Neil Record	56,396,541	—	**56,396,541**	—	**56,396,541**
Jane Tufnell (resigned 27 July 2021)	150,000	—	**150,000**	—	**150,000**
Rosemary Hilary (resigned 16 September 2021)	—	—	**—**	—	**—**
Tim Edwards	60,000	—	**60,000**	—	**60,000**
Matt Hotson (appointed 30 July 2021)	—	—	**—**	—	**—**
Krystyna Nowak (appointed 16 September 2021)	29,500	—	**29,500**	—	**29,500**
Total	**73,507,100**	**524,718**	**74,031,818**	**970,002**	**75,001,820**

1. 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.
2. Directors' share interests have remained unchanged to 20 June 2022.

Remuneration report continued

2021	Shares held without restrictions	GPS shares subject to restrictions	Total shares held	Share options (subject to performance)	Total share interests
Executive Directors					
Leslie Hill	15,298,771	379,841	15,678,612	945,001	16,623,613
Steve Cullen	1,351,817	75,849	1,427,666	526,668	1,954,334
Non-executive Directors and Chairman					
Neil Record	58,396,541	—	58,396,541	—	58,396,541
Jane Tufnell	150,000	—	150,000	—	150,000
Rosemary Hilary	—	—	—	—	—
Tim Edwards	60,000	—	60,000	—	60,000
Total	82,960,931	733,258	83,694,189	2,416,670	86,110,859

Salary review for the Board

Salary increases were awarded in April 2022 based on the role and responsibilities being undertaken. In line with this approach, some salary increases were awarded to the Executive Directors and Non-executive Directors, in line with the Company-wide increase.

The table below confirms the current salaries for Executive Directors and Non-executive Directors:

	Salary at 1 April 2021 £	**Salary at 1 April 2022 (current salary) £**	Increase £
Executive Directors			
Leslie Hill	650,000	**682,500**	5%
Steve Cullen	136,497	**150,147**	10%
Non-executive Directors and Chairman			
Neil Record	81,293	**85,357**	5%
Rosemary Hilary (resigned 16 September 2021)	49,862	**—**	—
Jane Tufnell (resigned 27 July 2021)	63,500	**—**	—
Tim Edwards (promoted to Senior Independent Director on 28 July 2021)	49,862	**57,750**	16%
Matt Hotson (appointed 30 July 2021)	—	**52,500**	—
Krystyna Nowak (appointed 16 September 2021)	—	**52,500**	—

Total remuneration of Chief Executive Officer (audited information)

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

	Year ending 31 March									
	2013 £	2014 £	2015 £	2016 £	2017 £	2018 £	2019 £	2020 £	2021 £	**2022 £**
Leslie Hill[1]	—	—	—	—	—	—	—	123,241	1,270,178	**2,395,183**
James Wood-Collins[2]	561,573	678,604	641,623	642,865	678,054	655,723	689,019	582,620	—	**—**

1. Appointed 13 February 2020.
2. Resigned 13 February 2020.

Annual report on remuneration continued

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

The following table shows the percentage change in the base salary, benefits and annual bonus of the Chief Executive Officer between the year ended 31 March 2022 and the previous financial years compared to the average for all employees of the Group.

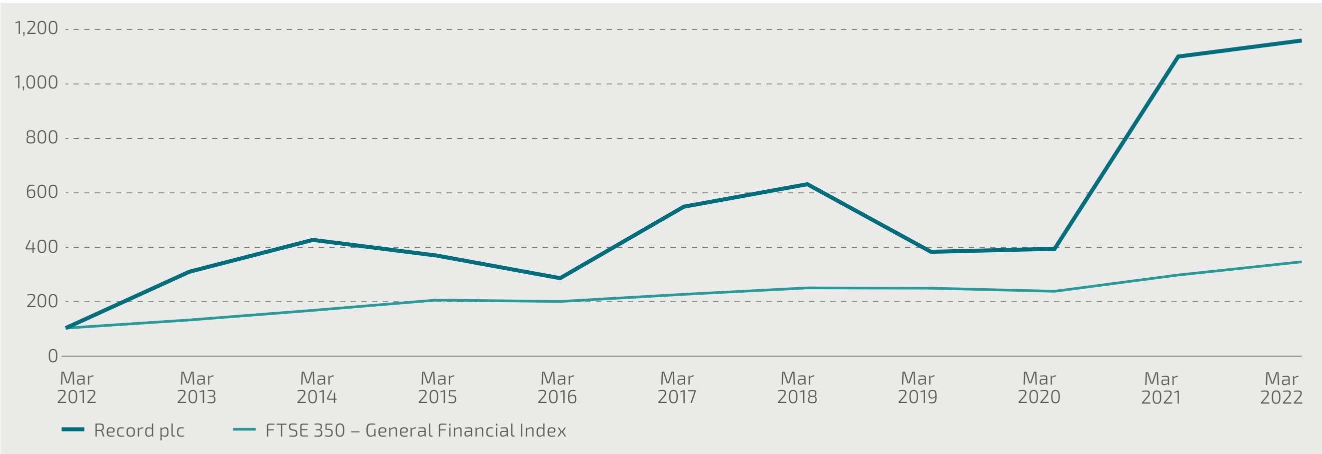
	Year ending 31 March													
	2016		2017		2018		2019		2020		2021		**2022**	
	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees	**Chief Executive**	**Average for all employees**
Base salary	10%	13%	3%	3%	0%	3%	0%	3%	57%	6%	0%	9%	**44%**	**18%**
Benefits	—	—	—	—	—	—	—	—	—	—	(2%)	—	**(3%)**	**1%**
Total annual profit share	(7%)	8%	9%	17%	(8%)	10%	20%	10%	(2%)	4%	96%	1%	**121%**	**117%**

Percentage change in the remuneration of the Board Directors (audited information)

The following table shows the percentage change in the base salary, benefits and annual bonus of the Board Directors between the year ended 31 March 2022 and the previous financial year compared to the average for all employees of the Group, for all Board Directors employed at 31 March 2022 and 31 March 2021.

	Year ending 31 March 2022				
% change in:	**Leslie Hill**	**Steve Cullen**	**Neil Record**	**Tim Edwards**	**Employees of Record Group**
Base salary	**44%**	**5%**	**3%**	**26%**	**18%**
Benefits	**(3%)**	**(3%)**	**(3%)**	**—**	**1%**
Total annual profit share	**121%**	**61%**	**—**	**—**	**117%**

Total Shareholder Return performance graph

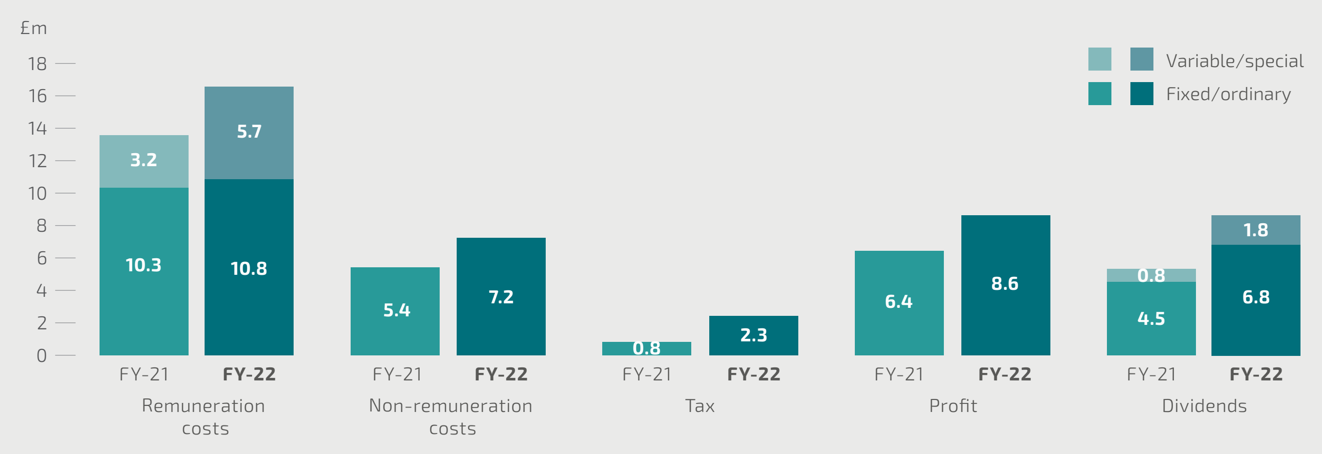


The above graph shows the Group's Total Shareholder Return compared with the FTSE 350 – General Financial Index, and shows the change in the theoretical value of £100 invested in Record plc on 31 March 2012 compared to £100 invested in the FTSE 350 – General Financial Index. The FTSE 350 – General Financial Index has been chosen because the index is a widely accepted performance comparison for UK small quoted financial services companies.

The market price of the Company's shares as at 31 March 2022 was 71 pence. The highest closing share price during the financial year was 102 pence. The lowest closing share price during the financial year was 65 pence.

Relative importance of the spend on pay

The following chart shows the year-on-year movement in total remuneration costs, non-remuneration costs and corporation tax compared to the profit attributable to ordinary shareholders and the level of dividends paid and declared on ordinary shares. The factors chosen to compare remuneration against are considered to be the most relevant as they take into account all of the different stakeholders.



Dividends are represented in the chart above as follows:

2022: interim dividend paid in December 2021 of 1.80 pence per share, final dividend proposed of 1.80 pence per share and special dividend of 0.92 pence per share.

2021: interim dividend paid in December 2020 of 1.15 pence per share, final dividend paid of 1.15 pence per share and special dividend of 0.45 pence per share.

Directors' service contracts

All Executive Directors have service agreements with effect from 15 November 2007, with the exception of Steve Cullen who has a service agreement dated 15 March 2013, reflecting his promotion to Chief Financial Officer. None of the service agreements are 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, Group Profit Share payments or Group Share Scheme awards, nor to receive any fixed provision for termination compensation.

Non-executive Directors are appointed for an initial three-year period. Their continued engagement is subject to annual re-election by shareholders at the Company's AGM.

External directorships and fees

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

Other matters

No Director had any material interest in any contract with the Group, either during the year or at the year end. There are no outstanding loans to any Director.

Statement of voting at the Annual General Meeting

The following table sets out the voting outcomes in respect of the most recent AGM votes on the annual report on remuneration, and the Directors' Remuneration Policy, at the AGM held on 4 August 2020.

	For		Against		Votes withheld	
	number	**%**	number	%	number	%
Annual report on remuneration	**101,625,410**	**91.779%**	9,091,185	8.210%	10,770	0.011%
Directors' Remuneration Policy	**120,929,770**	**99.989%**	10,271	0.008%	3,054	0.003%

Annual report on remuneration continued

Governance: role of the Remuneration Committee

Membership of the Remuneration Committee

The Remuneration Committee is chaired by Tim Edwards, who is supported by two independent Non-executive Directors, Matt Hotson and Krystyna Nowak.

The Chief Financial Officer, Chief Executive Officer, Head of Compliance 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 and Company Secretary who acts as Secretary to the Committee.

The Committee operates under formal terms of reference, which are summarised below and reviewed annually.

Responsibilities of the Committee

The responsibilities of the Committee include the following:

- determining the framework and policy for the remuneration of the Chairman and Executive Directors;
- determining the framework and policy for the remuneration of all staff and ensuring alignment with succession planning;
- reviewing and advising on the Group's remuneration strategy, which includes the design of the Bonus Schemes, LTIP, Share Scheme, Joint Share Ownership Plan and any other new initiatives;
- ensuring that the Remuneration Policy promotes sound and effective risk management as well as good conduct and does not encourage risk taking above the risk appetite of the firm; and
- reviewing remuneration disclosures and ensuring compliance with relevant regulation and legislation.

Key areas of focus during the year

The table below summarises the areas that the Remuneration Committee focused on at each of its meetings during the year. Seven Committee meetings were held during the year.

Date	Key issues considered
April 2021	• Review Executive Directors' remuneration structure • Review Remuneration Policy • Approve GPS unit allocations for Executive Directors and review awards for all staff • Review working of the GPS scheme • Employee engagement strategy
June 2021	• Approve GPS payments to Executive Directors and review payments to all staff • Approve Commission Scheme amendments and commission payments • Agree shareholder engagement approach • Review Committee performance and terms of reference
July 2021	• Feedback from shareholders discussed • Discuss Executive Directors' share option scheme and grants • Review IVIS report
October 2021	• Approve GPS unit allocations for Executive Directors and review awards for all staff • IFPR initial review • LTIP discussion
November 2021	• Approve GPS payments to Executive Directors and review payments to all staff • Approve commission payments • Approve internal Remuneration Policy • IFPR review of remuneration schemes • LTIP review
January 2022	• GPS payment update • CEO remuneration structure and three-year strategic plan • IFPR review
March 2022	• New Remuneration Policy discussion • CEO remuneration structure • Changes to the GPS scheme • Finalisation of an LTIP scheme, receiving external advice

External advisers
The Group participated in a survey conducted by McLagan and paid for information regarding market rates of pay for staff during the year. McLagan did not provide any direct advice to the Remuneration Committee.

The Committee has an annual briefing from Deloitte LLP providing an update on recent developments in the market and executive pay landscape, as well as developments in the remuneration regulatory environment. The Committee also received advice and benchmarking information regarding LTIP structures from Ellason LLP.

Committee evaluation
An internal review of Committee effectiveness was carried out as part of the Board evaluation process in March 2022 and was based on discussions with Committee members. The review considered the information that the Committee received, the frequency of meetings and the topics that were covered. 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.

Approved by the Committee and signed on its behalf by:

Tim Edwards
Chair of the Remuneration Committee

20 June 2022

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 1 to 55;
- Board of Directors on pages 58 and 59;
- Corporate governance report on pages 60 to 66;
- Nomination Committee report on pages 67 to 69;
- Audit Committee report on pages 70 to 75;
- Remuneration report on pages 76 to 93; and
- Directors' statement of responsibilities on page 97.

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-paragraphs 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; and
- LR 9.8.4 (14) Agreements with controlling shareholders.

Share capital

The Company has a single class of share capital consisting of ordinary shares of 0.025p each. Each ordinary share is equally eligible to receive dividends and the repayment of capital and represents one vote at a shareholders' meeting. None of the ordinary shares carries any special rights with regard to control of the Company.

The ordinary shares have a premium listing on the London Stock Exchange. Details of structure and changes in share capital are set out in note 22 to the financial statements.

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

As at 31 March 2022, the number of shares in issue of the Company was 199,054,325 (2021: 199,054,325).

Substantial shareholdings

The table below sets out the names of those persons or investors 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 2022:

Name	Number of ordinary 0.025p shares held	Percentage interest
Neil Record	56,396,541	28.33%
Leslie Hill	15,947,753	8.01%
Schroders plc	8,981,049	4.51%
Interactive Investor	8,629,495	4.34%
Premier Miton Investors	7,617,396	3.83%
Hargreaves Lansdown Asset Mgt	6,172,626	3.10%

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 April 2021 to April 2022 the Company received three notifications in accordance with DTR 5 disclosing changes to voting interests in its ordinary share capital as follows: Mrs Leslie Hill acquired additional shares through the Company GPS scheme on 24 November 2021 which resulted in a shareholder increase from 7.92% to 8.01%. Schroders plc disposed of shares on 6 January 2022, reporting a shareholding reducing from 5.10% to 4.51%, and Mr Neil Record disposed of shares on 4 March 2022 with their further transferral to The Record Charitable Trust, reporting a shareholding decreasing from 29.34% to 28.33%.

Controlling shareholder

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. At the time, under the UKLA Listing Rules Neil Record was deemed to be a controlling shareholder, as he exercised control over more than 30% of the voting rights in the Company. 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 March 2022 Neil Record transferred 2,000,000 shares to the Record Charitable Trust; following this transaction Neil Record held 28.33% of the voting rights of the Company. Under the terms of the agreement, the relationship agreement remains in place as Neil Record still holds a legal or beneficial interest (whether direct or indirect) in shares which represent 25% or more of the entire issued share capital of the Company.

Restrictions on transfers of shares

Under the terms of the Record plc Group Profit Share ("GPS") Scheme rules, certain senior employees and Directors of the Company are required to receive a proportion of any GPS 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 23 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 ("EU MAR") which came into force on 3 July 2016, and was onshored into UK MAR following the expiry of the Brexit transition period on 31 December 2020.

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

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

The Directors manage the Company under the powers set out in the Company's Articles of Association. These powers include the Directors' ability to issue or buy back shares. An ordinary resolution was passed at the 2021 AGM, authorising the Directors to allot new ordinary shares up to an aggregate nominal amount of £16,588, representing approximately one-third of the Company's issued share capital. The Directors intend to seek shareholders' approval for the renewal of this authority at the 2022 AGM. If approved, this authority will expire on 29 October 2022 or, if earlier, at the conclusion of the AGM in 2022.

At the AGM in 2021, shareholders approved a resolution authorising the Company to make purchases of its own shares. A special resolution will be proposed at the 2022 AGM to renew the Company's limited authority to purchase its own ordinary shares. This authority will be limited to a maximum of 10% of the Company's issued share capital and will set out the minimum and maximum prices which the Company may pay for any such purchase. If approved, this authority will expire on 29 October 2023, or, if earlier, at the conclusion of the AGM in 2023.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 106.

The Company paid an interim ordinary dividend of 1.8 pence per share on 30 December 2021 to shareholders on the register on 3 December 2021.

The Directors recommend a final ordinary dividend of 1.80 pence per ordinary share for the year ended 31 March 2022, making a total ordinary dividend of 3.60 pence per share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 9 August 2022 to shareholders on the register at the close of business on 1 July 2022. The shares will be quoted ex-dividend from 30 June 2022.

The Board has declared a special dividend of 0.92 pence per share to be paid simultaneously with the final ordinary dividend on 9 August 2022. This equates to a total distribution of 4.52 pence per share, equivalent to 100% of earnings.

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, the Group Profit Share Scheme and the Group Joint Share Ownership Plan. The trust held 9,632,031 shares as at 31 March 2022 (2021: 6,296,657 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 24 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 26 to the financial statements.

Post-reporting date events

As set out in note 30 to the financial statements, there were no post-reporting date events.

Directors' report continued

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 and liquid resources and performs regular financial forecasts and cash flow projections. The Group holds no debt.

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 31 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.

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 Sustainability report on page 26.

Corporate responsibility
Details of the Company's employment practices, including diversity and employee involvement, can be found in the Strategic report from page 30. We are committed to minimising the environmental impact of our operations and to delivering continuous improvement in our environmental performance. See page 36 for more details on our total CO_2 emissions data.

Directors
The Directors of the Company who held office at the year end and to date are listed on pages 58 and 59. Directors' remuneration and Directors' interests in Record plc shares are disclosed in the Remuneration report.

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.

2022 Annual General Meeting
The 2022 Annual General Meeting of the Company will be held at 10.00 am on 29 July 2022 at the following address: Liberty House, 222 Regent Street, London W1B 4NH. Details of the ordinary and special resolutions to be proposed at the Annual General Meeting, together with details on the meeting format and voting procedures, are given in a Chairman's letter to shareholders and the attached Notice of Annual General Meeting.

The Board and the Chair of each of the Board Committees will be available to answer questions put to them by shareholders of the Company at the 2022 Annual General Meeting.

By order of the Board:

Kevin Ayles
Company Secretary

20 June 2022

Directors' responsibilities statement

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in accordance with UK adopted international accounting standards. 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 for the Group and Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and
- prepare a Directors' report, a Strategic report and Directors' Remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

20 June 2022

Financial statements

Independent auditor's report to the members of Record plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Record plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2022 which comprise the consolidated and Company statements of financial position, the consolidated statement of comprehensive income, the consolidated and Company statements of cash flows and the consolidated and Company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's 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. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the shareholders at the Annual General Meeting on 4 August 2020 to audit the financial statements for the year ended 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the years ending 31 March 2021 to 31 March 2022. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Independent auditor's report to the members of Record plc continued

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining the Directors' going concern assessment which comprised a cash flow forecast and reverse stress test and tested for arithmetical accuracy. We considered whether there is a risk that could plausibly affect the liquidity or ability of the Group and Parent Company to continue to operate in the going concern period by comparing severe, but plausible, downside scenarios that could arise individually and collectively against the level of available financial resources indicated by the Group's financial forecasts;
- holding discussions with Directors on whether events or conditions exist that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern; corroborating those discussions by agreeing information acquired to supporting documents such as budgets, cash flow forecasts and minutes of meetings;
- assessing the assumptions such as revenue growth rates, future overheads and regulatory capital requirements that were used in the going concern assessment prepared by the Directors and considering whether the budgeting and cash flow forecast models utilised were appropriate for the Group. We reviewed the outcome of the Group's prior year budgets against the actual outcomes to assess the reasonability of assumptions applied;
- considering the impact of the covid-19 pandemic and Russia/Ukraine crisis on the Group's financial performance, business activities and operations, regulatory capital and liquidity. Assessing the potential impact of reduced Assets Under Management Equivalents ("AUME") and revenues on the Group's profitability and liquidity, including available cash resources; and
- reviewing the going concern disclosures included in the Financial Statements in order to assess that the disclosures were consistent with the Directors' going concern assessment and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	98% (2021: 99%) of Group profit before tax 99% (2021: 100%) of Group revenue 99% (2021: 99%) of Group total assets
Key audit matters	
Materiality	Group financial statements as a whole £543,000 (2021: £308,000) based on 5% (2021: 5%) of profit before tax

Key audit matters:

	2022	2021
Revenue recognition	✓	✓

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We determined there to be two significant components, Record Group Services Limited and Record Currency Management Limited, which together with the Parent Company were subject to full scope audits performed by the Group engagement team.

For the non-significant components, we performed desktop reviews and specific procedures on areas where there was considered to be a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified, 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 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.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition The Group's associated accounting policies are detailed in note 4 on page 114. Management fees: £34.1m (2021: £24.9m) Performance fees: £0.5m (2021: £0.08m)	The Group's revenue arises from the provision of currency management services. Revenue comprises of mainly management fees and performance fees. Revenue recognition in relation to management fees and performance fees is considered to be a significant audit risk as it is a key driver of return to investors and there is a risk that there could be manipulation or omission of amounts recorded in the system. There is also a risk that revenue is not recognized appropriately in accordance with the accounting framework adopted. For management fees, which are calculated as weighted average exposures at the fee rates specified in the Management Agreements ("IMAs"), there are a number of manual procedures involved in determining the weighted average exposure including identification of applicable Assets Under Management Equivalents ("AUMEs"). There is a risk that the data used in the fee calculation is manipulated during the manual process, leading to material risk of misstatements in management fees. For performance fees, there are a number of bespoke and complex agreements and due to the manual nature of the calculation and recognition process, there is an increased risk of error in relation to performance fees.	**Our audit testing included the following:** • we reviewed the appropriateness of revenue recognition policy against the applicable accounting standards; • for a sample of days, we tested the operating effectiveness of the controls over the receipt and input of customer data into the underlying system for AUME through inspection of daily checklists and emails confirming that Front Office Risk Management ("FORM") and Portfolio implementation teams performed the daily monitoring checks over the rebalancing process and that exceptions have been resolved; • we tested the IT general controls ("ITGC") of the IT systems used in the revenue reporting process, and tested the automated controls for the last 4 months of the financial year; and • we tested a sample of credit notes issued post year end for indication of correction or adjustment to revenue recognised during the year, if any. **For management fees, on a sample basis we:** • obtained management's fee calculation, discussed the methodology used in the calculation with management, and agreed the calculation methodology to the relevant IMAs; • agreed key inputs used in the management fee calculation such as hedge ratios and fee rates to the IMAs; • we obtained an understanding of client's process related to identification of applicable AUMEs and tested a sample of the AUME identified to supporting documentation; • we tested the weighted average exposure of the AUMEs by recalculating the proportioning of the total AMUEs over the recalculated number of business days the company manages such AUMEs; • recalculated the management fees by applying the fee rates to the weighted average AUMEs, compared our results to management calculations, and where differences were identified we investigated these; and • agreed a sample of management fees per invoices to the general ledger and fee calculation, and agreed cash receipts to bank statements. **For performance fees, on a sample basis we:** • agreed key inputs, including estimated valuations, relevant hurdles and performance obligations, to supporting documentation such as contracts; • with the assistance of our internal valuation experts, we independently recalculated the benchmark performance which was compared to management's calculations, and investigated differences, where identified; and • agreed a sample of performance fees per invoices to the general ledger and fee calculation, and agreed cash receipts to bank statements. **Key observations:** Based on our procedures performed, we did not identify any matters which would indicate that revenue arising in respect of management fees and performance fees has not been recognised appropriately.

Independent auditor's report to the members of Record plc continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent company financial statements	
	2022 £	2021 £	**2022 £**	2021 £
Materiality	**543,000**	308,000	**98,000**	65,000
Basis for determining materiality	5% of Profit before tax		1% of Total assets	
Rationale for the benchmark applied	As the entity is listed, profit before tax was considered to be the most appropriate benchmark for users of the financial statements as it is a primary measure of performance.		Total assets were considered to be the most appropriate benchmark as the entity is a holding company and it is the key financial measure for users of the financial statements.	
Performance materiality	**352,950**	200,200	**63,700**	42,250
Basis for determining performance materiality	On the basis of our risk assessments, together with our assessment of the Group's and Parent Company's overall control environment, our judgement was that a performance materiality of 65% of materiality was appropriate.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 18% and 72% (2021: 21% and 61%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £98,000 to £394,000 (2021: £65,000 to £187,000). In the audit of each component, we further applied performance materiality levels of 65% (2021: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £10,860 (2021: £6,160) for the Group and £1,960 (2021: £1,500) for the parent company. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report 2022 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• the Directors' statement with regard to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 55 and 96; and • the Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 55 and 96.
Other Code provisions	• the Directors' statement on fair, balanced and understandable set out on page 97; • the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 49 to 54; • the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 49, 50 and 66; and • the section describing the work of the Audit Committee set out on pages 71 to 75.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
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.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Record plc continued

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the Group and the Parent Company and the industry in which it operates and considered the risk of acts which would be contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, UK tax legislation, UK Listing Rules and applicable accounting standards and in addition other laws and regulations that may have a material effect on the financial statements, including the permissions and supervisory requirements of the Financial Conduct Authority ("FCA"). We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue recognition, posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our tests included, but were not limited to:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and those charged with governance regarding their knowledge of any actual or suspected fraud or allegations of fraudulent financial reporting affecting the Group and Parent Company, and non-compliance with relevant laws and regulations;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance for indications of irregularity including fraud;
- inspecting correspondence with regulators for instances of non-compliance with relevant laws and regulations;
- the procedures performed in the key audit matters section;
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; on a sample basis we determined journals with key risk characteristics such as postings made by non-finance staff, debit postings to revenue, identification of least used accounts or round sum values and material journals and we agreed these to supporting documents;
- assessing whether the judgements made in making accounting estimates could be indicative of a potential bias; evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; challenging management of key judgements and estimates related to the valuation of share-based payments, reviewing management's impairment assessment of the investments and the impact of the covid-19 pandemic and Russia/Ukraine crisis over going concern; and
- obtaining an understanding of the effectiveness of the control environment in monitoring compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

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

Orla Reilly (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

20 June 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

Year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	4	**35,152**	25,412
Cost of sales		**(219)**	(399)
Gross profit		**34,933**	25,013
Administrative expenses		**(23,726)**	(18,934)
Other income or expense	5	**(372)**	41
Operating profit	5	**10,835**	6,120
Finance income		**44**	71
Finance expense		**(23)**	(38)
Profit before tax		**10,856**	6,153
Taxation	7	**(2,225)**	(802)
Profit after tax		**8,631**	5,351
Total comprehensive income for the year		**8,631**	5,351
Profit and total comprehensive income for the year attributable to			
Owners of the parent		**8,631**	5,351
Total comprehensive income for the year		**8,631**	5,351
Earnings per share for profit attributable to the equity holders of the parent during the year			
Basic earnings per share	8	**4.52**	2.75
Diluted earnings per share	8	**4.37**	2.73

The notes on pages 113 to 145 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Intangible assets	11	**562**	420
Right-of-use assets	12	**1,421**	684
Property, plant and equipment	13	**401**	683
Investments	14	**3,447**	3,046
Deferred tax assets	15	**253**	212
Total non-current assets		**6,084**	5,045
Current assets			
Trade and other receivables	16	**9,883**	8,006
Derivative financial assets	17	**—**	260
Money market instruments with maturities > 3 months	18	**13,913**	12,932
Cash and cash equivalents	18	**3,345**	6,847
Total current assets		**27,141**	28,045
Total assets		**33,225**	33,090
Current liabilities			
Trade and other payables	19	**(4,721)**	(3,426)
Corporation tax liabilities	19	**(924)**	(315)
Provisions		**(75)**	—
Lease liabilities	12	**(366)**	(539)
Financial liabilities	20	**—**	(1,696)
Derivative financial liabilities	17	**(124)**	(16)
Total current liabilities		**(6,210)**	(5,992)
Non-current liabilities			
Provisions	21	**(125)**	(200)
Lease liabilities	12	**(960)**	(99)
Total non-current liabilities		**(1,085)**	(299)
Total net assets		**25,930**	26,799
Equity			
Issued share capital	22	**50**	50
Share premium account		**3,238**	2,418
Capital redemption reserve		**26**	26
Retained earnings		**22,616**	24,305
Equity attributable to owners of the parent		**25,930**	26,799
Total equity		**25,930**	26,799

Approved by the Board on 20 June 2022 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

Company registered number: 1927640

The notes on pages 113 to 145 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Year ended 31 March 2022

	Note	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Equity attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
As at 1 April 2021		**50**	**2,418**	**26**	**24,305**	**26,799**	**—**	**26,799**
Profit and total comprehensive income for the year		**—**	**—**	**—**	**8,631**	**8,631**	**—**	**8,631**
Dividends paid	9	—	—	—	(6,512)	(6,512)	—	(6,512)
Own shares acquired by EBT		—	—	—	(5,807)	(5,807)	—	(5,807)
Release of shares held by EBT		—	820	—	2,258	3,078	—	3,078
Share-based payment reserve movement		—	—	—	(259)	(259)	—	(259)
Transactions with shareholders		**—**	**820**	**—**	**(10,320)**	**(9,500)**	**—**	**(9,500)**
As at 31 March 2022		**50**	**3,238**	**26**	**22,616**	**25,930**	**—**	**25,930**

Year ended 31 March 2021

	Note	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Equity attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
As at 1 April 2020		50	2,259	26	25,694	28,029	132	28,161
Profit and total comprehensive income for the year		—	—	—	5,351	5,351	—	5,351
Trade Record sale		—	—	—	32	32	(132)	(100)
Dividends paid	9	—	—	—	(5,290)	(5,290)	—	(5,290)
Own shares acquired by EBT		—	—	—	(2,338)	(2,338)	—	(2,338)
Release of shares held by EBT		—	159	—	994	1,153	—	1,153
Share-based payment reserve movement		—	—	—	(138)	(138)	—	(138)
Transactions with shareholders		—	159	—	(6,772)	(6,613)	—	(6,613)
As at 31 March 2021		50	2,418	26	24,305	26,799	—	26,799

The notes on pages 113 to 145 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Profit after tax		**8,631**	5,351
Adjustments for non-cash movements			
Depreciation of right-of-use assets	12	**489**	490
Depreciation of property, plant and equipment	13	**357**	298
Amortisation of intangible assets	11	**192**	168
Share-based payments		**559**	486
Decrease/(increase) in other non-cash items		**877**	(492)
Finance income		**(44)**	(71)
Finance expense		**23**	38
Tax expense	7	**2,225**	802
Changes in working capital			
(Increase)/decrease in receivables		**(1,877)**	696
Increase in payables		**1,296**	417
Cash inflow from operating activities		**12,728**	8,183
Corporation tax paid		**(1,373)**	(1,385)
Net cash inflow from operating activities		**11,355**	6,798
Purchase of intangible assets	11	**(334)**	(189)
Purchase of property, plant and equipment	13	**(75)**	(230)
Purchase of investments		**(1,773)**	(881)
Payment to seed fund holders		**(1,808)**	(335)
Redemption of bonds		**1,462**	—
Investment in subsidiaries		**—**	(23)
Purchase of money market instruments with maturity > 3 months		**(983)**	(4,973)
Sale of Trade Record shares		**—**	120
Interest received		**44**	71
Net cash outflow from investing activities		**(3,467)**	(6,440)
Cash flow from financing activities			
Lease repayments	12	**(557)**	(560)
Purchase of own shares		**(4,462)**	(1,808)
Dividends paid to equity shareholders	9	**(6,512)**	(5,290)
Net cash outflow from financing activities		**(11,531)**	(7,658)
Net decrease in cash and cash equivalents in the year		**(3,643)**	(7,300)
Exchange gains/(losses)		**141**	(147)
Cash and cash equivalents at the beginning of the year		**6,847**	14,294
Cash and cash equivalents at the end of the year		**3,345**	6,847
Closing cash and cash equivalents consist of:			
Cash		**3,345**	2,372
Cash equivalents		**—**	4,475
Cash and cash equivalents	18	**3,345**	6,847

The notes on pages 113 to 145 are an integral part of these consolidated financial statements.

Company statement of financial position

As at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Right-of-use assets	12	**1,232**	642
Investments	14	**5,029**	4,315
Deferred tax		**1**	7
Total non-current assets		**6,262**	4,964
Current assets			
Corporation tax		**3**	17
Trade and other receivables	16	**3,522**	1,387
Cash and cash equivalents	18	**43**	173
Total current assets		**3,568**	1,577
Total assets		**9,830**	6,541
Current liabilities			
Trade and other payables	19	**(4,161)**	(16)
Lease liabilities	12	**(326)**	(501)
Provisions		**75**	—
Total current liabilities		**(4,562)**	(517)
Non-current liabilities			
Lease liabilities	12	**(812)**	(96)
Provisions	21	**(125)**	(200)
Total non-current liabilities		**(937)**	(296)
Total net assets		**4,331**	5,728
Equity			
Issued share capital	22	**50**	50
Share premium account		**1,809**	1,809
Capital redemption reserve		**26**	26
Retained earnings		**2,446**	3,843
Total equity		**4,331**	5,728

The Company's total comprehensive income for the year (which is principally derived from intra-group dividends) was £4,558,705 (2021: £5,133,381).

Approved by the Board on 20 June 2022 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

Company registered number: 1927640

The notes on pages 113 to 145 are an integral part of these consolidated financial statements.

Company statement of changes in equity

Year ended 31 March 2022

	Note	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2021		**50**	**1,809**	**26**	**3,843**	**5,728**
Profit and total comprehensive income for the year		**—**	**—**	**—**	**4,559**	**4,559**
Dividends paid	9	—	—	—	(6,512)	(6,512)
Share option reserve movement		—	—	—	556	556
Transactions with shareholders		**—**	**—**	**—**	**(1,356)**	**(1,356)**
As at 31 March 2022		**50**	**1,809**	**26**	**2,446**	**4,331**

Year ended 31 March 2021

	Note	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2020		50	1,809	26	3,819	5,704
Profit and total comprehensive income for the year		—	—	—	5,133	5,133
Dividends paid	9	—	—	—	(5,290)	(5,290)
Share option reserve movement		—	—	—	181	181
Transactions with shareholders		—	—	—	(5,109)	(5,109)
As at 31 March 2021		50	1,809	26	3,843	5,728

The notes on pages 113 to 145 are an integral part of these consolidated financial statements.

Company statement of cash flows

Year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Loss after tax		**(41)**	(137)
Adjustments for non-cash movements			
Depreciation of right-of-use assets		**453**	453
Loss on investments		**—**	167
Decrease in other non-cash items		**45**	—
Finance expense		**16**	35
Tax expense		**(19)**	(30)
Changes in working capital			
Increase in receivables		**(2,134)**	(1,245)
Increase in payables		**2,470**	6
Cash inflow/(outflow) from operating activities		**790**	(751)
Corporation taxes received		**37**	4
Net cash inflow/(outflow) from operating activities		**827**	(747)
Cash flow from investing activities			
Dividends received		**4,600**	5,270
Investment in subsidiaries		**(325)**	(23)
Purchase of investments		**—**	(881)
Payments to seed fund holders		**1,798**	—
Disposal of subsidiary		**—**	120
Net cash inflow from investing activities		**6,073**	4,486
Net cash flow from financing activities			
Lease repayments		**(518)**	(517)
Dividends paid to equity shareholders		**(6,512)**	(5,290)
Net cash outflow from financing activities		**(7,030)**	(5,807)
Net decrease in cash and cash equivalents in the year		**(130)**	(2,068)
FX revaluation		**—**	—
Cash and cash equivalents at the beginning of the year		**173**	2,241
Cash and cash equivalents at the end of the year		**43**	173
Closing cash and cash equivalents consist of:			
Cash		**43**	173
Cash equivalents		**—**	—
Cash and cash equivalents	18	**43**	173

The notes on pages 113 to 145 are an integral part of these consolidated financial statements.

Notes to the financial statements for the year ended 31 March 2022

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.

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 financial statements have been prepared in accordance with UK adopted international accounting standards and the Company and other Group entities financial statements have also been prepared in accordance with UK adopted international accounting standards. The financial statements have been prepared on a historical cost basis, modified to include fair valuation of derivative financial instruments. Investments are measured at fair value through profit or loss.

The Directors are satisfied that the Company and the Group have adequate resources with which to continue to operate for the foreseeable future. In arriving at this conclusion, the Directors have considered in detail the impact of the covid-19 pandemic on the Group, the market it operates in and its stakeholders. For this reason, the financial statements have been prepared on a going concern basis. Please refer to the Directors' report on page 94 for more detail on going concern, and also see management's detailed review of the impact of covid-19 and the Russia/Ukraine crisis on page 51.

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.

Future accounting developments

The Group did not implement the requirements of any other standards or interpretations that were in issue but were not required to be adopted by the Group at the year end date. No other standards or interpretations have been issued that are expected to have a material impact on the Group's financial statements.

b. Basis of consolidation

The consolidated financial information contained within the financial statements incorporates financial statements of the Company and its subsidiaries drawn up to 31 March 2022. 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. The Group has applied UK adopted IFRSs for periods commencing on or after January 2021.

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.

Significant judgement

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

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

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

Notes to the financial statements for the year ended 31 March 2022 continued

1. Accounting policies continued

b. Basis of consolidation continued

Significant judgement continued

The financial statements of subsidiary undertakings, which are prepared using uniform accounting policies, are coterminous with those of Record plc, referred to as the "Company", apart from those of the seed funds which have accounting reference dates of 30 September. The consolidated financial statements incorporate the financial performance and the financial position of the seed funds in the year ended 31 March 2021. The seed funds were closed in June 2021.

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 Company and its subsidiaries are collectively referred to as the Group; the Group's total comprehensive income for the year includes a profit of £4,558,705 attributable to the Company (2021: £5,133,381). The Company's principal activity is that of a holding company.

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 remeasurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income under "other income or expense".

d. Administrative expenses

Administrative expense includes staff costs, marketing and IT costs, which are recognised on an accruals basis as services are provided to the Group.

e. 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.

f. 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.

g. 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.

h. 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. From time to time, the Group has bought in ordinary shares for cancellation. The cost of the buy-ins was taken directly to retained earnings. The nominal value of the shares was taken to a capital redemption reserve. Retained earnings includes all current and prior period retained profits and share-based employee remuneration. All transactions with owners of the parent are recorded separately within equity.

2. Critical accounting estimates and judgements

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

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

Areas of significant judgement – consolidation of seed funds

Note 1b describes the basis which the Group uses to determine whether it controls seed funds; further detail on consolidation of seed funds is provided in note 14.

Sources of estimation uncertainty

Management recognise that the use of estimates is important in calculating both the fair value of share options offered by the Group to its employees (see note 23) and deferred tax (see note 15), however the sources of estimation uncertainty do not present a significant risk of material adjustment to the carrying amounts of assets or liabilities within the next financial year in either case.

Calculation of leased assets and liabilities requires the use of both estimation and judgement. The identification of an appropriate discount rate to use in the calculation of the lease liability involves both estimation and judgement. Where the lease's implicit rate is not readily determinable, an incremental borrowing rate must be calculated by the Group. The discount rate used has a direct effect on the size of the lease liability capitalised and although this has been included as an area where the use of estimation and judgement in note 12 is important, it is unlikely to materially impact the Group. Intangible assets are written down in accordance with the Group's amortisation policy on page 120. The assets are reviewed by management to ensure the amortisation period is appropriate. Investments are revalued at market value monthly and any potential impairments would be written down as and when the Group is notified.

3. Segmental analysis

The Directors, who together are the entity's Chief Operating Decision Maker, consider that its services comprise one operating segment (being the provision of currency and derivatives 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. Further information on the Group's operations and principal activities is provided in the Business model section from page 8. Revenue analysed by product is provided in note 4.

4. Revenue

Revenue recognition

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

Management fees and other currency services income are recorded on a monthly basis as the service occurs; there are no other performance obligations (excluding standard duty of care requirements). Management fees are calculated as an agreed percentage of the Assets Under Management Equivalents ("AUME") denominated in the client's chosen base currency. The percentage varies depending on the nature of services and the level of AUME. Management fees are typically invoiced to the customer quarterly with receivables recognised for unpaid invoices. Fees are recognised on a monthly based on the agreed fee rate and AUME over the period.

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

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

Notes to the financial statements for the year ended 31 March 2022 continued

4. Revenue continued

Revenue recognition continued

a. Revenue from contracts with customers

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

Revenue by product type	2022 £'000	2021 £'000
Management fees		
Passive Hedging	**11,768**	11,377
Dynamic Hedging	**10,020**	5,623
Currency for Return	**5,513**	2,005
Multi-product	**6,782**	5,873
Total management fee income	**34,083**	24,878
Performance fee income	**499**	81
Other currency services income	**570**	453
Total revenue from contracts with customers	**35,152**	25,412

Management fees are recognised at a point in time and are invoiced typically on a quarterly basis, although Record may invoice fees monthly for some of its larger clients. Performance fees are recognised at a point in time and can be invoiced on a quarterly, six-monthly or annual basis, as agreed with our clients.

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. Other relates to a number of regions that are individually immaterial.

Revenue by geographical region	2022 £'000	2021 £'000
Management and performance fee income		
UK	**2,775**	2,322
US	**13,049**	8,619
Switzerland	**10,877**	9,097
Europe (excluding UK and Switzerland)	**6,926**	3,223
Other	**1,525**	2,151
Total revenue	**35,152**	25,412

c. Major clients

During the year ended 31 March 2022, two clients individually accounted for more than 10% of the Group's revenue. The two largest clients generated revenues of £4.9 million and £4.8 million in the year (2021: two largest clients generated revenues of £4.1 million and £2.7 million in the year).

Notes to the financial statements for the year ended 31 March 2022 continued

5. Operating profit

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

	2022 £'000	2021 £'000
Staff costs	**16,479**	13,470
Other staff-related costs	**1,352**	864
IT and technology	**2,380**	1,231
Professional fees	**1,139**	1,043
Occupancy	**668**	540
Depreciation of property, plant and equipment	**357**	299
Depreciation of leased property	**489**	490
Amortisation of intangibles	**192**	168
Auditor fees:		
Fees payable to the Group's auditor for the audit of the Company's annual accounts	**72**	70
Fees payable to the Group's auditor for the audit of subsidiary undertakings	**103**	80
Auditor fees total	**175**	150
Fees payable to the Group's auditor and its associates for other services:		
Audit-related assurance services required by law or regulation	**5**	5
Other non-audit services	**12**	12
Loss/(gain) on forward FX contracts held to hedge cash flow	**467**	(673)
Loss on derivative financial instruments held by seed funds	**42**	53
Exchange losses/(gains) on revaluation of external holding in seed funds	**—**	97
Other exchange (gains)/ losses	**(141)**	652
Investment losses/(gains)	**4**	(170)

6. Staff costs

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

	2022	2021
Corporate	**6**	7
Client relationships	**14**	17
Investment research	**16**	16
Operations	**24**	23
Risk management	**5**	5
Support	**17**	15
Annual average	**82**	83

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

	2022 £'000	2021 £'000
Wages and salaries	**11,931**	10,542
Social security costs	**1,758**	1,349
Pension costs	**635**	574
Other employment benefit costs	**2,155**	1,005
Aggregate staff costs	**16,479**	13,470

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

Notes to the financial statements for the year ended 31 March 2022 continued

7. Taxation – Group

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

	2022 £'000	2021 £'000
UK current year charge	**2,006**	1,144
Overseas taxes	**56**	64
Prior year adjustments	**(88)**	(108)
Current tax charge	**1,974**	1,100
Origination and reversal of temporary differences	**(12)**	(298)
Prior year adjustment	**240**	—
Impact of change in tax rate for deferred tax	**23**	—
Total deferred tax	**251**	(298)
Tax on profit on ordinary activities	**2,225**	802

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

	2022 £'000	2021 £'000
Profit before taxation	**10,856**	6,153
Taxation at the standard rate of tax in the UK of 19% (2021: 19%)	**2,062**	1,169
Tax effects of:		
Other disallowable expenses and non-taxable income	**(37)**	(278)
Higher tax rates on subsidiary undertakings	**15**	19
Adjustments recognised in current year in relation to Research and Development claims in respect of prior years	**(78)**	(108)
Prior year adjustment	**240**	—
Change in tax rates	**23**	—
Total tax expense	**2,225**	802
The tax expense comprises:		
Current tax expense	**1,974**	1,100
Deferred tax expense/(income)	**251**	(298)
Total tax expense	**2,225**	802

The standard rate of UK corporation tax for the year is 19% (2021: 19%). A full corporation tax computation is prepared at the year end. The actual charge as a percentage of the profit before tax may differ from the underlying tax rate. Differences typically arise as a result of capital allowances differing from depreciation charged, and certain types of expenditure not being deductible for tax purposes. Other differences may also arise. The rate is due to increase to 25% from 1 April 2023.

The tax charge for the year ended 31 March 2022 was 20% of profit before tax (2021: 13%). Other temporary differences for the year ended 31 March 2022 include the impact of deferred tax expense of £251k (2021: income of £298k).

8. Earnings per share

Basic earnings per share is calculated by dividing the profit after tax 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.

	2022 £'000	2021 £'000
Weighted average number of shares used in calculation of basic earnings per share	**191,068,307**	194,461,787
Effect of potential dilutive ordinary shares – share options	**6,230,794**	1,705,089
Weighted average number of shares used in calculation of diluted earnings per share	**197,299,101**	196,166,876

	pence	pence
Basic earnings per share	**4.52**	2.75
Diluted earnings per share	**4.37**	2.73

The potential dilutive shares relate to the share options and JSOP awards granted in respect of the Group's Share Scheme (see note 23). There were share options and JSOP awards in place at the beginning of the year over 14,344,421 shares. During the year 2,531,875 share options were exercised, 625,000 JSOP awards vested and a further 1,454,501 options lapsed or were forfeited. The Group granted 3,780,000 share options and JSOP awards with a potentially dilutive effect during the year. Of the 13,513,045 share options and JSOP awards in place at the end of the period, 11,362,625 have a dilutive impact at the year end.

9. Dividends

Ordinary, special and interim dividends are recognised in the financial statements when paid. Final ordinary dividends are required to be approved by shareholders.

The dividends paid by the Group during the year ended 31 March 2022 totalled £6,511,887 (3.40 pence per share) which comprised a final dividend in respect of the year ended 31 March 2021 of £2,220,404 (1.15 pence per share), a special dividend in respect of the year ended 31 March 2021 of £868,854 (0.45 pence per share) and an interim dividend for the year ended 31 March 2022 of £3,422,629 (1.80 pence per share).

The dividends paid by the Group during the year ended 31 March 2021 totalled £5,290,324 (2.71 pence per share) which comprised a final dividend in respect of the year ended 31 March 2020 of £2,261,779 (1.15 pence per share), a special dividend in respect of the year ended 31 March 2020 of £806,374 (0.41 pence per share) and an interim dividend for the year ended 31 March 2021 of £2,222,171 (1.15 pence per share).

For the year ended 31 March 2022, a final ordinary dividend of 1.80 pence per share has been proposed and a special dividend of 0.92 pence per share has been declared, totalling £3.4 million and £1.8 million respectively.

10. Retirement benefit obligations

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

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

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

Notes to the financial statements for the year ended 31 March 2022 continued

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 measured from the date they are available for use. Useful lives are as follows:

- Software – 2 to 5 years

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

The Group's intangible assets comprise both purchased software and the capitalised cost of software deployment. No internal costs of software development are capitalised. Internal software costs, which would represent attributable employee costs, would be capitalised if they meet the IAS 38 criteria. The carrying amounts can be analysed as follows:

2022	Software £'000	Total £'000
Cost		
At 1 April 2021	**1,141**	**1,141**
Additions	334	334
Disposals	—	—
At 31 March 2022	**1,475**	**1,475**
Amortisation		
At 1 April 2021	**721**	**721**
Charge for the year	192	192
Disposals	—	—
At 31 March 2022	**913**	**913**
Net book amounts		
At 31 March 2022	**562**	**562**
At 1 April 2021	420	420

2021	Software £'000	Total £'000
Cost		
At 1 April 2020	1,903	1,903
Additions	189	189
Disposals	(951)	(951)
At 31 March 2021	1,141	1,141
Amortisation		
At 1 April 2020	1,433	1,433
Charge for the year	168	168
Disposals	(880)	(880)
At 31 March 2021	721	721
Net book amounts		
At 31 March 2021	420	420
At 1 April 2020	470	470

The annual contractual commitment for the maintenance and support of the above software is £396,710 (2021: £221,004). All amortisation charges are included within administrative expenses.

12. Leases

The Group's lease arrangements consist of business premises property leases. Rental contracts are typically made for fixed periods of three to six years but they may have extension and/or modification options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. As the Group has no borrowings it has estimated the incremental borrowing rate based on interest rate data available in the market, adjusted to reflect Record's creditworthiness, the leased asset in question and the terms and conditions of the lease. For those leases which existed prior to the IFRS 16 transition date on 1 April 2019, a discount rate of 4% was used in calculating the lease liability on transition.

The leases relevant to the twelve months ended 31 March 2022, and the comparative period, are as described below:

On 7 September 2016, the Group signed a new lease on premises at Second and Third Floors, Morgan House, Madeira Walk, Windsor, at an annual commitment of £507,603, expiring on 1 September 2022. On 11 February 2022, the Group signed a lease on premises at Second Floor, Morgan House, Madeira Walk, Windsor, at an annual commitment of £267,900, expiring on 1 September 2026. The 1 September 2022 lease modification has been capitalised and discounted at a rate of 3.95%.

On 1 June 2017, the Group signed a five-year lease on premises in Zürich, at an annual commitment of CHF 49,680. On 12 August 2021, the Group extended the lease to 1 June 2027, at an annual commitment of CHF 49,680.

Record assesses whether a contract, is or contains, a lease at the inception of the contract.

Right-of-use ("ROU") assets

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

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

Depreciation is calculated on a straight-line basis over the lease term and included within administration costs (note 5).

Notes to the financial statements for the year ended 31 March 2022 continued

12. Leases continued

Net book value of right-of-use assets

Year ended 31 March 2022	Group £'000	Company £'000
Net book value on transition at 1 April 2021	684	642
Addition	1,226	1,043
Depreciation	(489)	(453)
Net book value at 31 March 2022	**1,421**	**1,232**

Year ended 31 March 2021	Group £'000	Company £'000
Net book value at 1 April 2020	1,175	1,096
Addition	—	—
Depreciation	(490)	(454)
FX revaluation	(1)	—
Net book value at 31 March 2021	684	642

Lease liabilities

	Group £'000	Company £'000
Current	366	326
Non-current	960	812
Total lease liabilities	**1,326**	**1,138**

	Group £'000	Company £'000
At 1 April 2021	638	597
Additions	1,226	1,042
Interest expense	17	16
Lease payments	(540)	(501)
Lease interest payments	(17)	(16)
Foreign exchange movements	2	—
At 31 March 2022	**1,326**	**1,138**

Lease payments

At 31 March 2022, the undiscounted operating lease payments on an annual basis are as follows:

Maturity of lease liability at 31 March 2022

	Group £'000	Company £'000
Within 1 year	**357**	**330**
1-2 years	**321**	**280**
2-3 years	**321**	**280**
After 3 years	**375**	**327**
Total lease liability before discounting	**1,374**	**1,217**

The remainder of the movement in the lease liability relates to non-cash movements. The lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Group considers that exercise of the option is reasonably certain.

13. 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 as follows:

- 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:

2022	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2021	693	983	305	1,981
Additions	—	73	2	75
Disposals	—	—	(14)	(14)
At 31 March 2022	**693**	**1,056**	**293**	**2,042**
Depreciation				
At 1 April 2021	520	515	263	1,298
Charge for the year	122	203	32	357
Disposals	—	—	(14)	(14)
At 31 March 2022	**642**	**718**	**281**	**1,641**
Net book amounts				
At 31 March 2022	**51**	**338**	**12**	**401**
At 1 April 2021	173	468	42	683

Notes to the financial statements for the year ended 31 March 2022 continued

13. Property, plant and equipment – Group continued

2021	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2020	692	952	327	1,971
Additions	1	228	2	231
Disposals	—	(197)	(24)	(221)
At 31 March 2021	693	983	305	1,981
Depreciation				
At 1 April 2020	397	573	250	1,220
Charge for the year	123	139	37	299
Disposals	—	(197)	(24)	(221)
At 31 March 2021	520	515	263	1,298
Net book amounts				
At 31 March 2021	173	468	42	683
At 1 April 2020	295	379	77	751

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

14. Investments

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Investment in subsidiaries at cost	**—**	—	**2,069**	69
Capitalised investment in respect of share-based payments	**—**	—	**2,019**	1,460
Investment in funds	**1,070**	847	**943**	2,786
Investment in impact bonds	**2,177**	2,199	**—**	—
Other Investments	**200**	—	**—**	—
Total investments	**3,447**	3,046	**5,029**	4,315

During the year, the Group has embarked on a strategy to invest up to £2,000,000 in digital assets for the purpose of researching the market.

During the year, the Group signed commitments totalling $550,000 (£417,727) relating to third-party funds investing in the digital assets sector. As at the year end, a total of $166,900 (£122,208) has been called up, leaving a balance of $383,100 (£295,519) which may or may not be called up in future (see note 27: contingent liabilities for further information).

Company

Investments in subsidiaries

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.

	2022 £'000	2021 £'000
Investment in subsidiaries (at cost)		
Record Currency Management Limited	**10**	10
Record Group Services Limited	**10**	10
Record Portfolio Management Limited	**10**	10
Record Currency Management (US) Inc.	**—**	—
Record Currency Management (Switzerland) GmbH	**16**	16
Record Digital Asset Ventures Limited	**2,000**	—
Record Asset Management GmbH	**23**	23
Record Fund Management Limited	**—**	—
N P Record Trustees Limited	**—**	—
Total investment in subsidiaries (at cost)	**2,069**	69
Capitalised investment in respect of share-based payments		
Record Group Services Limited	**1,801**	1,341
Record Currency Management (US) Inc.	**89**	89
Record Currency Management (Switzerland) GmbH	**129**	30
Total capitalised investment in respect of share-based payments	**2,019**	1,460
Total investment in subsidiaries	**4,088**	1,529

Particulars of subsidiary undertakings

Name	Nature of business
Record Currency Management Limited	Currency management services (FCA, SEC and CFTC registered)
Record Group Services Limited	Management services to other Group undertakings
Record Currency Management (US) Inc.	US advisory and service company (SEC and CFTC registered)
Record Currency Management (Switzerland) GmbH	Swiss advisory and service company
Record Digital Asset Ventures Limited	UK company investing in opportunities linked to innovation and research surrounding digital assets
Record Asset Management GmbH	German advisory and service company
RAM Strategies GmbH	German consultant and distribution agent
Record Portfolio Management Limited	Dormant
Record Fund Management Limited	Dormant
N P Record Trustees Limited	Dormant trust company

The Group's interest in the equity capital of subsidiary undertakings is 100% of the ordinary share capital in all cases. Record Currency Management (US) Inc. is incorporated in Delaware (registered office: Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808), Record Currency Management (Switzerland) GmbH is incorporated in Zürich (registered office: Münsterhof 14, 8001 Zürich) and Record Asset Management GmbH and RAM Strategies GmbH are incorporated Germany (registered office: Königsallee 92a, 40212 Düsseldorf).

Notes to the financial statements for the year ended 31 March 2022 continued

14. Investments continued

Company continued

Capitalised investment in respect of share-based payments

The accounting treatment of capitalised investment in respect of share-based payments can be found in note 23.

Investment in seed funds

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

The seed fund investments were presented within investments in the Company statement of financial position, and all seed fund entities were sub-funds of the Record Umbrella Fund, an open-ended umbrella unit trust authorised in Ireland. The two seed funds previously invested in by the Company are shown in the table below.

Group

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

Investment in seed funds

The Group controlled the Record Currency – Strategy Development Fund and Record – Currency Multi-Strategy Fund until the termination of the funds in June 2021. Both funds were consolidated in full, on a line-by-line basis in the Group's financial statements until the termination date.

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Investment in seed funds				
Record Currency – Strategy Development Fund	**–**	–	**–**	1,077
Record – Currency Multi-Strategy Fund	**–**	–	**–**	862
Total investment in seed funds	**–**	–	**–**	1,939

Investment in impact bonds

In January 2020, the Group invested £2,287,241 in impact bonds; which are measured at fair value through profit or loss. The fair value at the year end was £2,177,372 (2021: £2,198,886).

Investment in Funds

The Group has invested £1,211,242 in investment funds, which are measured at fair value through profit or loss. The fair value at the year end was £1,069,701 (2021: £847,081).

15. 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 amounts 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 profit or loss nor the taxable profit or loss, is not recognised.

	2022 £'000	2021 £'000
Credit to income statement in year	**41**	298
Asset/(liability) brought forward	**212**	(86)
Asset/(liability) carried forward	**253**	212

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

	2022 £'000	2021 £'000
Deferred tax allowance on unvested share options	**393**	320
Excess of taxation allowances over depreciation on fixed assets	**(140)**	(108)
Total	**253**	212

At the year end there were share options not exercised with an intrinsic value for tax purposes of £4,287,634 (2021: £3,755,976). 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. Deferred tax has been calculated based on the current tax rate of 19% for differences until 31 March 2023; thereafter, deferred tax has been calculated on a tax rate of 25%, being the tax rate from 1 April 2023. It is subject to change if tax rates change in future years.

16. Trade and other receivables

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

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs") for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding 25 years on the total balance of non-credit impaired trade receivables. Accrued income relates to accrued management and performance fees earned but not yet invoiced.

An analysis of receivables is provided below:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade receivables	**8,231**	6,519	**3,441**	1,345
Accrued income	**25**	37	**—**	—
Other receivables	**497**	470	**38**	—
Prepayments	**1,130**	980	**43**	42
Total	**9,883**	8,006	**3,522**	1,387

All amounts are short-term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The Group has not renegotiated the terms of any receivables in the year ended 31 March 2022. The Group's trade receivables are generally short-term and do not contain significant financing components.

The Group applies the IFRS 9 simplified approach to measuring ECLs for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding 25 years on the total balance of non-credit impaired trade receivables. The Group has therefore concluded that the ECLs for trade receivables are reasonable. The Group does not expect to incur any credit losses and has not recognised any ECLs in the current year (2021: £nil).

17. 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 other income or expense.

Derivative financial assets	2022 £'000	2021 £'000
Forward foreign exchange contracts held for trading	—	215
Foreign exchange options held for trading	—	45
Total	—	260

Derivative financial liabilities	2022 £'000	2021 £'000
Forward foreign exchange contracts held to hedge non-sterling-based assets	(15)	—
Forward foreign exchange contracts held for trading	(109)	(16)
Total	(124)	(16)

Derivative financial instruments held to hedge non-sterling-based assets

At 31 March 2022 there were outstanding contracts with a principal value of £9,085,804 (31 March 2021: £9,076,940) 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 2022. 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	2022 £'000	2021 £'000
Net loss on forward foreign exchange contracts at fair value through profit or loss	467	673

Derivative financial instruments held for trading

The Record – Currency Multi-Strategy Fund and 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 Multi-Strategy Fund and the Record Currency – Strategy Development Fund were classified as held for trading until termination in June 2021.

At 31 March 2022 there were outstanding contracts with a principal value of £nil (31 March 2021: £10,383,964).

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

Derivative financial instruments held to hedge non-sterling-based assets	2022 £'000	2021 £'000
Net loss on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	42	53

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

	Group		Company	
Assets managed as cash	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Bank deposits with maturities > 3 months	**13,913**	12,932	**—**	—
Money market instruments with maturities > 3 months	**13,913**	12,932	**—**	—
Cash	**3,345**	2,372	**43**	173
Bank deposits with maturities <= 3 months	**—**	4,475	**—**	—
Cash and cash equivalents	**3,345**	6,847	**43**	173
Total assets managed as cash	**17,258**	19,779	**43**	173

	Group		Company	
Cash and cash equivalents	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Cash and cash equivalents – sterling	**1,169**	3,108	**43**	173
Cash and cash equivalents – USD	**450**	2,692	**—**	—
Cash and cash equivalents – CHF	**318**	183	**—**	—
Cash and cash equivalents – other currencies	**1,408**	864	**—**	—
Total cash and cash equivalents	**3,345**	6,847	**43**	173

The Group's 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 4 for explanation of accounting treatment). As at 31 March 2022, the cash and cash equivalents held by the seed funds were £nil as the funds terminated in June 2021 (31 March 2021: £3,159,533) and the money market instruments with maturities > 3 months held by these funds were £nil (31 March 2021: £427,957).

Details of how the Group manages credit risk are provided in note 24.

Notes to the financial statements for the year ended 31 March 2022 continued

19. Current liabilities

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

Trade and other payables	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade payables	**478**	384	**—**	—
Amounts owed to Group undertaking	**—**	—	**4,155**	10
Other payables	**16**	16	**—**	—
Other tax and social security	**619**	486	**—**	—
Accruals	**3,608**	2,540	**6**	6
Total	**4,721**	3,426	**4,161**	16

Accruals include £2,506,656 for the Group Profit Share Scheme (31 March 2021: £1,644,761). The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Current tax liabilities	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Corporation tax	**924**	315	**—**	—

20. Financial liabilities

Record plc had made investments in a number of seed funds where it was 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.

The Record – Currency Multi-Strategy Fund and the Record Currency – Strategy Development Fund were considered to be under the control of the Group as the combined holding of Record plc and its Directors constituted a majority interest throughout the prior year and through to termination of the funds in June 2021.

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 seed funds consolidated into the accounts of the Record Group

	2022 £'000	2021 £'000
Record – Currency Multi-Strategy Fund	**—**	1,696
Total financial liabilities	**—**	1,696

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

21. Provisions

The Group has provisions reflecting its contractual obligations connected to reaching the end of its contractual lease terms.

	Group		Company	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Provisions	**200**	200	**200**	200

22. 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.

	2022		2020	
	£'000	**Number**	£'000	Number
Authorised				
Ordinary shares of 0.025p each	**100**	**400,000,000**	100	400,000,000
Called-up, allotted and fully paid				
Ordinary shares of 0.025p each	**50**	**199,054,325**	50	199,054,325

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

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

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

	Number
Record plc shares held by EBT as at 31 March 2020	3,219,387
Adjustment for net purchases by EBT	3,077,270
Record plc shares held by EBT as at 31 March 2021	6,296,657
Adjustment for net purchases by EBT	3,335,374
Record plc shares held by EBT as at 31 March 2022	**9,632,031**

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 23.

Notes to the financial statements for the year ended 31 March 2022 continued

23. Share-based payments

During the year ended 31 March 2022 the Group has managed the following share-based compensation plans:

- 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;
- 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;
- 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; and
- the Record plc Jointly Owned Share Plan: participants' interests awarded under the Jointly Owned Share Plan ("JSOP") are classified as equity-settled share-based payments under IFRS 2.

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

a. Group Profit Share Scheme

Share-based payments with cash alternatives

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

The Group Profit Share Scheme allocates a proportion of operating profits to a profit share pool to be distributed between all employees of the Group. The Remuneration Committee has the discretion to vary the proportion allocated to the profit share pool between 25% and 35% of operating profits. Directors and senior employees receive one-third of their profit share in cash, one-third in shares ("Earned Shares") and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares. The charge to profit or loss in respect of Earned Shares in the period was £1,463,802 (2021: £765,606). 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.

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. Shares awarded under the Group Profit Share Scheme are subject to restrictions over subsequent sale and transfer and these restrictions are automatically lifted over one-third on each anniversary of the profit share payment date for the next three years. In the meantime, these shares cannot be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee.

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.

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 including any market or performance conditions, and using quoted share prices.

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

Options over an aggregate of 3,747,500 shares were granted under the Share Scheme during the year (2021: 3,850,000), of which options over 195,000 shares were granted as Approved options and options over 3,552,500 shares were granted as Unapproved options (2021: all granted as Unapproved options). All Approved options and 952,500 Unapproved options were granted with an exercise price per share equal to the share price prevailing at the time of grant, the remaining 2,600,000 Unapproved options were granted with an exercise price below the share price prevailing at the time of grant.

The 195,000 Approved options issued to employees on 13 August 2021 all 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 3,552,500 Unapproved options issued to employees on 13 August 2021 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The fair value of the services provided by employees has been calculated indirectly by reference to the fair value of the equity instruments granted. Fair value amounts for the options granted in the year ended 31 March 2022, and for which a charge to profit or loss was made in the year, were determined using a Black-Scholes option-pricing method and the following assumptions:

Model input	Weighted average value
Share price	85.7p
Dividend yield	2.89%
Exercise price	54.0p
Expected volatility	40%
Option life	2.6 years
Risk-free interest rate (%)	52%

Expected volatility is based on historical volatility.

The Group share-based payment expense in respect of the Share Scheme was £530,779 for the year ended 31 March 2022 (2021: £181,095).

Notes to the financial statements for the year ended 31 March 2022 continued

23. Share-based payments continued

b. The Record plc Share Scheme continued

Outstanding share options

At 31 March 2022, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 11,605,545 (2021: 11,844,421). These deferred share awards and options are over issued shares, a proportion of which are hedged by shares held in an EBT. Details of outstanding share options awarded to employees are set out below:

Date of grant	At 1 April 2021	Granted	Exercised	Lapsed/ forfeited	**At 31 March 2022**	Earliest vesting date	Latest vesting date[1]	Exercise price
30/11/16	90,000	—	(90,000)	—	**—**	30/11/20	30/11/20	£0.34072
30/11/16	62,500	—	(62,500)	—	**—**	30/11/19	30/11/20	£0.34072
30/11/16	733,336	—	—	(733,336)	**—**	30/11/20	30/11/21	£0.34072
26/01/18	1,267,500	—	(1,078,000)	(34,500)	**155,000**	26/01/22	26/01/22	£0.4350
26/01/18	127,750	—	(122,625)	—	**5,125**	26/01/20	26/01/22	£0.4350
26/01/18	34,667	—	—	(17,333)	**17,334**	26/01/21	26/01/23	£0.4350
26/01/18	1,288,668	—	—	(644,332)	**644,336**	26/01/21	26/01/23	£0.4350
29/03/19	460,000	—	—	—	**460,000**	29/03/23	29/03/23	£0.2830
29/03/19	277,500	—	(92,500)	—	**185,000**	29/03/20	29/03/23	£0.2830
21/08/19	1,985,000	—	—	—	**1,985,000**	21/08/22	21/08/24	£0.3110
18/03/20	1,667,500	—	(405,000)	(25,000)	**1,237,500**	18/03/21	18/03/24	£0.28902
21/09/20	3,425,000	—	(606,250)	—	**2,818,750**	21/09/21	21/09/24	£0.3730
25/01/21	300,000	—	(75,000)	—	**225,000**	25/01/22	25/01/25	£0.49425
09/03/21	125,000	—	—	—	**125,000**	09/03/22	09/03/25	£0.63986
13/08/21	—	195,000	—	—	**195,000**	13/08/25	13/08/25	£0.85713
13/08/21	—	2,600,000	—	—	**2,600,000**	13/08/22	13/08/25	£0.4000
13/08/21	—	952,500	—	—	**952,500**	13/08/22	13/08/25	£0.85713
Total options	**11,844,421**	**3,747,500**	**(2,531,875)**	**(1,454,501)**	**11,605,545**			
Weighted average exercise price of options	£0.36	£0.54	£0.39	£0.38	**£0.41**			

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

During the year 2,531,875 options were exercised. The weighted average share price at date of exercise was £0.77.
At 31 March 2022, a total of 946,375 options had vested and were exercisable (2021: 701,375). At 31 March 2022, the weighted average exercise price of the options vested and exercisable was £0.35 (2021: £0.31) and the weighted average contractual life was two years (2021: two years).

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

	Ordinary shares held as at	
	31 March 2022	31 March 2021
Record plc Group Profit Share Scheme (interest in restricted share awards)		
Leslie Hill	**467,296**	379,841
Steve Cullen	**57,422**	75,849
Record plc Share Scheme (interest in unvested share options)		
Leslie Hill	**668,334**	945,001
Steve Cullen	**301,668**	526,668

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, adjusted for the impact of the performance conditions.

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

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

Approved options issued to all other staff prior to 1 April 2017 were subject to performance measures linked to the Group's Total Shareholder Return ("TSR") and vested on the fourth anniversary of the date of grant, subject to these measures. At vesting date, a percentage of the total options granted could vest based upon Record's TSR performance versus the median TSR performance as measured against the FTSE 350 – General Financial 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.

Notes to the financial statements for the year ended 31 March 2022 continued

23. Share-based payments continued

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 23,309 matching shares (2021: 33,971 matching shares) to employees. The expense charged in respect of the SIP was £18,310 in the year ended 31 March 2022 (2021: £11,797).

There are no restrictions over shares issued under the Record Share Incentive Plan.

d. The Record plc Jointly Owned Share Plan ("JSOP")

Equity-settled share-based payments

At inception the employee is required to pay the Employee Benefit Trust ("EBT") for the market value of the participation interest, and the employing subsidiary has agreed to bear the expense of 50% of the amount due. The participation interest paid over at inception is non-refundable, regardless of whether the hurdle is reached. Therefore the amount paid by the employing subsidiary is expensed at inception.

The fair value of the amounts payable to employees under JSOP 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 JSOP scheme started in 2021, under which a set number of ordinary shares are held jointly by the participant and the EBT. Under the terms of the JSOP agreement, the participant holds the beneficial interest in the future growth of the shares above the hurdle, whilst the trustee is entitled to the value up to the hurdle; the hurdle being the market price upon grant date. Upon vesting, the participant is entitled to receive the growth in value of the shares above the hurdle, which is settled in shares priced at market value on the vesting date.

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

The 32,500 shares over which a JSOP agreement was entered into on 13 August 2021 will each vest in four equal tranches on the first, second, third and fourth anniversary of the date of award, subject to the employee being in employment with the Group at the relevant vesting date.

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 JSOP awards granted in the year ended 31 March 2022, and for which a charge to profit or loss was made in the year, were determined using a Black-Scholes option-pricing model and the following assumptions:

Model input	Weighted average value
Share price	85.7p
Dividend yield	2.89%
Exercise price	85.7p
Expected life (years)	2.5 years
Volatility	40.5%
Risk-free rate	0.51%

Expected volatility is based on historical volatility.

At 31 March 2022, the total number of ordinary shares of 0.025p outstanding under the Record plc JSOP was 1,907,500. These shares are jointly owned and are ring-fenced within the EBT. The JSOP award vests immediately on the vesting date, and the participant is entitled to any value over the hurdle; the trustee is then entitled to the value up to the hurdle.

Date of grant	At 1 April 2021	Granted	Vested	Lapsed/ forfeited	At 31 March 2022	Earliest vesting date	Latest vesting date	Hurdle
21/09/20	2,375,000	—	(593,750)	—	**1,781,250**	21/09/21	21/09/24	£0.37300
09/03/21	125,000	—	(31,250)	—	**93,750**	09/03/21	09/03/25	£0.63986
13/08/21	—	32,500	—	—	**32,500**	13/08/22	13/08/25	£0.85713
Total JSOP awards	2,500,000	32,500	(625,000)	—	**1,907,500**			
Weighted average exercise price of options	£0.3863	£0.6399	£0.3863	—	**£0.3944**			

There are no Directors' interests in the JSOP scheme. No performance measures are attached to the JSOP.

During the year 625,000 shares over which a JSOP agreement had been granted vested. The weighted average share price at the vesting date was £0.82.

The JSOP scheme rules contain clawback provisions allowing re-transfer of the participant's interest and/or any vested shares for nil consideration under certain circumstances including a material breach of contract or an error in performance of duties.

24. Financial risk management

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

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

Financial assets principally comprise trade receivables, accrued income, other receivables, money market instruments, cash and cash equivalents and derivative financial assets. Financial liabilities comprise trade and other payables, financial liabilities relating to investment in seed funds, lease liabilities and derivative financial liabilities. The main risks arising from financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and concentration 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 controlled and reviewed by the Head of Business Risk.

The Company's material financial instruments are investments in the seed funds, cash and cash equivalents, 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. Market risk is not considered to have a material impact on financial instruments, neither is it one of the Group's principal risks; however, the second order effects of market movements are discussed on page 42.

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.

Notes to the financial statements for the year ended 31 March 2022 continued

24. Financial risk management continued

Credit risk continued

The quality of our clients and banking counterparties is reflected in the business having not suffered from any credit default for over 20 years through various market crises and cycles, and we do not anticipate this changing under the current circumstances.

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

Financial assets at 31 March	2022 £'000	2021 £'000
Trade receivables	**8,231**	6,519
Accrued income	**25**	37
Other receivables	**497**	470
Derivative financial assets	**—**	260
Money market instruments with maturities > 3 months	**13,913**	13,613
Cash and cash equivalents	**3,345**	6,166
Total financial assets	**26,011**	27,065

The debtors' age analysis is also evaluated on a regular basis for expected credit losses. It is management's opinion that there is no requirement to provide for any expected credit losses. The table below is an analysis of trade receivables and accrued income by due date:

At 31 March 2022	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	8,231	8,231	—	—
Accrued income	25	25	—	—
Total	**8,256**	**8,256**	**—**	**—**
		100%	**0%**	**0%**

At 31 March 2021	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	6,519	6,519	—	—
Accrued income	37	37	—	—
Total	6,556	6,556	—	—
		100%	0%	0%

The Group offers standard credit terms of 30 days from invoice date. It is the Group's policy to assess debtors for expected loss 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 past due not being provided for unless individual circumstances indicate that a debt is impaired.

Trade receivables are made up of 91 debtors' balances (2021: 82). The largest individual debtor corresponds to 16% of the total balance (2021: 15%). Debtor days, based on the generally accepted calculation of debtor days, is 85 days (2021: 94 days). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2022, 0% of debt was overdue (2021: 0%). 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 28 days (2021: 29 days).

The impact of covid-19 and the Russia/Ukraine crisis has been considered, and management believe that the Group's ability to meet its obligations is unaffected.

Contractual maturity analysis for financial liabilities

At 31 March 2022	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	478	318	29	131
Accruals	3,608	302	1,503	1,803
Derivative financial liabilities	124	7	117	—
Total	**4,210**	**627**	**1,649**	**1,934**

At 31 March 2021	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	384	191	30	163
Accruals	2,538	420	809	1,309
Derivative financial liabilities	16	6	10	—
Total	2,938	617	849	1,472

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.

Notes to the financial statements for the year ended 31 March 2022 continued

24. Financial risk management continued

Interest rate profiles

At 31 March 2022	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Trade receivables	—	—	8,231	8,231
Accrued income	—	—	25	25
Other receivables	—	—	497	497
Money market instruments with maturities > 3 months	13,913	—	—	13,913
Cash and cash equivalents	3,345	—	—	3,345
Total financial assets	**17,258**	**—**	**8,753**	**26,011**
Financial liabilities				
Trade payables	—	—	(478)	(478)
Accruals	—	—	(3,608)	(3,608)
Lease liability	—	—	(1,326)	(1,326)
Derivative financial liabilities at fair value through profit or loss	—	—	(124)	(124)
Total financial liabilities	**—**	**—**	**(5,536)**	**(5,536)**

At 31 March 2021	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Trade receivables	—	—	6,519	6,519
Accrued income	—	—	37	37
Other receivables	—	—	470	470
Derivative financial assets at fair value through profit or loss	—	—	260	260
Money market instruments with maturities > 3 months	12,932	—	—	12,932
Cash and cash equivalents	682	6,165	—	6,847
Total financial assets	13,614	6,165	7,286	27,065
Financial liabilities				
Trade payables	—	—	(384)	(384)
Accruals	—	—	(2,538)	(2,538)
Lease liability	—	—	(539)	(539)
Derivative financial liabilities at fair value through profit or loss	—	—	(16)	(16)
Financial liabilities	—	—	(1,696)	(1,696)
Total financial liabilities	—	—	(5,173)	(5,173)

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 revenue invoices and cash holdings that are denominated in a currency other than sterling, and also on assets and liabilities held by the Record Currency – Strategy Development Fund. The principal currencies giving rise to this risk are the US dollar, the Swiss franc, the euro and the Canadian dollar.

During the year ended 31 March 2022, the Group invoiced the following amounts in currencies other than sterling:

	2022		2021	
	Local currency value £'000	**Value in reporting currency £'000**	Local currency value £'000	Value in reporting currency £'000
US dollar (USD)	**23,949**	**17,742**	13,185	9,912
Swiss franc (CHF)	**12,460**	**10,010**	13,375	11,072
Euro (EUR)	**4,135**	**3,498**	3,185	3,828
Canadian dollar (CAD)	**1,626**	**960**	1,238	719
Australian dollar (AUD)	**1,029**	**563**	838	467
Japanese yen (JPY)	**4,824**	**31**	—	—
Swedish krona (SEK)	**36**	**3**	672	49
Singapore dollar (SGD)	**4**	**2**	14	8

The value of revenues for the year ended 31 March 2022 that were denominated in currencies other than sterling was £32.8 million (31 March 2021: £24.7 million).

Record's policy is to reduce the risk associated with the Group's revenues 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 18) 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	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Sterling weakening by 10% against the dollar	**871**	489	**871**	489
Sterling strengthening by 10% against the dollar	**(871)**	(489)	**(871)**	(489)
Sterling weakening by 10% against the Swiss franc	**445**	551	**445**	551
Sterling strengthening by 10% against the Swiss franc	**(445)**	(551)	**(445)**	(551)

Notes to the financial statements for the year ended 31 March 2022 continued

24. Financial risk management continued

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 = $1.35 this would result in sterling weakening to £1 = $1.23 and sterling strengthening to £1 = $1.50.

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 £1 = CHF 1.24 this would result in sterling weakening to £1 = CHF 1.13 and sterling strengthening to £1 = CHF 1.38.

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.

Concentration risk

The Group is exposed to concentration risk in respect of product, client type and geographical location, which could lead to over-reliance on any one category of revenue. Note 4 provides detail on clients contributing greater than 10% of revenue. Mitigating activities are detailed in the Risk management section on page 52.

Concentration risk – sensitivity analysis

The Group has considered the impact of losing the Group's largest client, assuming that only variable remuneration costs can be reduced in the short term.

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Loss of largest client	**2,594**	2,352	**2,594**	2,352

25. 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 financial assets or liabilities;
- level 2: inputs other than quoted prices included within level 1 that are observable for the financial asset or liability, indirectly (i.e. derived from prices); and
- level 3: inputs for the financial 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:

	2022 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Impact bonds	**2,177**	2,177	—	—
Investment in funds	**1,070**	944	—	126
Other investments	**200**	—	—	200
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts held to hedge non-sterling assets	**(15)**	—	(15)	—
Other investments	**(110)**	—	(110)	—
Total	**3,322**	3,121	(125)	326

	2021 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Impact bonds	2,199	2,199	—	—
Forward foreign exchange contracts used by seed funds	215	—	215	—
Foreign exchange options used by seed funds	45	—	45	—
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used by seed funds	(16)	—	(16)	—
Total	2,443	2,199	244	—

There have been no transfers between levels in the reporting period (2021: none).

Basis for classification of financial instruments classified as level 1 within the fair value hierarchy

Impact bonds are classified as level 1. These bonds are valued using the market price and coupon rate.

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

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

Classes and fair value of financial instruments

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

Categories of financial instrument

At 31 March 2022	Note	Assets at amortised cost £'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
Impact bonds	14	—	—	2,177	—
Investment in funds	14	—	—	1,070	—
Other investments	14	—	—	200	—
Trade and other receivables (excludes prepayments)	16	8,753	—	—	—
Money market instruments with maturities > 3 months	18	13,913	—	—	—
Cash and cash equivalents	18	3,345	—	—	—
Trade payables	19	—	(478)	—	—
Accruals	19	—	(3,608)	—	—
Derivative financial liabilities at fair value through profit or loss	17	—	—	—	(124)
Total		**26,011**	**4,086**	**3,447**	**(124)**

At 31 March 2021	Note	Assets at amortised cost £'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
Impact bonds	14	—	—	2,199	—
Trade and other receivables (excludes prepayments)	16	7,027	—	—	—
Money market instruments with maturities > 3 months	18	12,932	—	—	—
Cash and cash equivalents	18	6,847	—	—	—
Derivative financial assets at fair value through profit or loss	17	—	—	260	—
Trade payables	19	—	(384)	—	—
Accruals	19	—	(2,540)	—	—
Derivative financial liabilities at fair value through profit or loss	17	—	—	—	(16)
Total		26,806	(2,924)	2,459	(16)

Notes to the financial statements for the year ended 31 March 2022 continued

26. Related parties transactions

Company

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

Transactions with subsidiaries

The Company's subsidiary undertakings are listed in note 14, which includes a description of the nature of their business.

	2022 £'000	2021 £'000
Amounts due (to)/from subsidiaries	**(714)**	1,265
Net dividends received from subsidiaries	**4,600**	5,270

Amounts owed to and by related parties will be settled in cash. No guarantees have been given or received. No provisions for expected credit losses have been raised against amounts outstanding (2021: £nil). No expense has been recognised during the year in respect of expected credit losses 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

	2022 £'000	2021 £'000
Short-term employee benefits	**8,457**	6,214
Post-employment benefits	**330**	309
Share-based payments	**2,467**	949
Total	**11,254**	7,472

Key management personnel dividends

The dividends paid to key management personnel in the year ended 31 March 2022 totalled £3,056,662 (2021: £3,028,563).

Directors' remuneration

	2022 £'000	2021 £'000
Emoluments (excluding pension contribution)	**2,809**	2,015
Pension contribution (including payments made in lieu of pension contributions)	**96**	125
Total	**2,905**	2,140

During the year, no Directors of the Company (2021: one) participated in the Group Personal Pension Plan, a defined contribution scheme. Further detail on Directors' remuneration is provided in the Remuneration report on page 85.

Transactions with seed 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 seed fund by holding a majority interest (whether the majority interest is held by Record plc alone, or by combining the interests of Record plc and its Directors), then the fund is considered to be a related party.

Record Currency – Strategy Development Fund and Record – Currency Multi-Strategy Fund were related parties on this basis until June 2021, when the funds were closed.

During the year, Record plc Director Leslie Hill redeemed £605,217 from the Record – Currency Multi-Strategy Fund.

27. Contingent liabilities and commitments

The Group has committed to subscriptions to equity capital of $550,000, of which $166,900 has been called.

On 1 October 2021, the Group committed to a licence to use an office in London. The commitment is to 31 October 2023 and the outstanding amount to be paid at 31 March 2022 was £558,600. £352,800 is payable within 12 months and £205,800 the following 12 months.

28. 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:

	2022 £m	2021 £m
Required regulatory capital	**5.4**	9.4
Other operating capital	**20.5**	17.4
Total capital	**25.9**	26.8

Total capital covers the Group's regulatory capital requirements 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.

29. Ultimate controlling party

As at 31 March 2022 the Company had no ultimate controlling party, nor at 31 March 2021.

30. Post-reporting date events

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

Five year summary

Year ended 31 March	Restated 2018 £'000	Audited 2019 £'000	2020 £'000	2021 £'000	**2022 £'000**
Management fees	23,497	22,308	23,133	24,878	**34,083**
Performance fees	—	2,333	1,819	81	**499**
Other revenue	337	332	611	453	**570**
Revenue	23,834	24,973	25,563	25,412	**35,152**
Cost of sales	(311)	(385)	(255)	(399)	**(219)**
Gross profit	23,523	24,588	25,308	25,013	**34,933**
Operating expenses	(16,424)	(16,704)	(17,741)	(18,934)	**(23,726)**
Other income/(expenditure)	173	(8)	82	41	**(372)**
Operating profit	7,272	7,876	7,649	6,120	**10,835**
Net interest	56	113	88	33	**21**
Profit before taxation	7,328	7,989	7,737	6,153	**10,856**
Taxation	(1,182)	(1,559)	(1,365)	(802)	**(2,225)**
Profit after taxation	6,146	6,430	6,372	5,351	**8,631**
Basic EPS (pence)	3.03	3.27	3.26	2.75	**4.52**
Ordinary dividend (pence)	2.30	2.30	2.30	2.30	**3.60**
Special dividend (pence)	0.50	0.69	0.41	0.45	**0.92**

Information for shareholders

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

Registered office
Morgan House
Madeira Walk
Windsor
Berkshire
SL4 1EP
United Kingdom

Tel: +44 (0)1753 852 222
Fax: +44 (0)1753 852 224

Principal UK trading subsidiaries
Record Currency Management Limited
Registered in England and Wales
Company No. 1710736

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

Both principal UK trading subsidiaries are based in Windsor.

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

Dates for 2022 dividend

Ex-dividend date	30 June 2022
Record date	1 July 2022
Annual General Meeting	29 July 2022
Final dividend payment date	9 August 2022

Registrar
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Further information about the Registrar is available on their website **www.linkgroup.eu**

Definitions

"AIFMD"	Alternative Investment Fund Managers Directive
"Articles"	The Articles of Association of the Company
"AUME"	Assets Under Management Equivalents
"Board"	Company's Board of Directors
"bps"	Basis point = 100th of a per cent
"Companies Act"	Every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the Company
"Company"	Record plc
"$" or "dollars"	All references to dollars or $ symbol are to the currency of the US unless stated otherwise
"EBT"	Employee Benefit Trust
"EM"	Emerging Markets
"EPS"	Earnings per share
"ESG"	Environmental, social and governance
"ETF"	Exchange traded fund
"EU"	European Union
"FRB"	Forward Rate Bias
"Group" or "Record"	The Company and/or any one of its subsidiary undertakings
"IAS"	International Accounting Standards
"IFRS" or "IFRSs"	International Financial Reporting Standards
"IPO"	Initial Public Offering
"KPI"	Key Performance Indicator
"KRI"	Key Risk Indicator
"LGPS"	Local Government Pension Schemes
"London Stock Exchange"	London Stock Exchange plc
"MiFID"	Markets in Financial Instruments Directive
"Official List"	The official list of the Financial Conduct Authority
"TIPS"	US government treasury inflation protected securities
"US"	United States of America

AUME definition

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

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

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