Record plc

PRESS RELEASE

14 June 2011

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011

Record plc, the specialist currency manager, today announces its audited results for the year ended 31 March 2011.

Financial highlights:

- AuME[1] $31.4bn at 31 March 2011 (down 8%)
- AuME £19.6bn at 31 March 2011 (down 13%)
- Management fee income of £28.1m (down 15%)
- Pre-tax profit £12.5m (down 25%)
- Continued strong balance sheet with no debt and a cash balance of £24.7m (up 13%)
- Operating profit margin to 31 March 2011 of 44% compared to 49% for the year ended 31 March 2010
- Basic EPS of 4.03p per share (2010: 5.39p)
- Proposed final dividend for the year to 31 March 2011 is 2.59p per share giving a total dividend in respect of the period of 4.59p per share (2010: 4.59p)

Operating highlights:

- Dynamic Hedging AuME remained broadly unchanged and represented 38% of AuME at 31 March 2011 (2010: 35%) but grew to represent 62% of management fee income (2010: 43%)
- Client numbers fell by 47 to 46 by year end 31 March 2011

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[1] As a currency manager Record manages only the impact of foreign exchange and not the underlying assets, therefore its “assets under management” are notional rather than real. To distinguish this from the AUM of conventional asset managers, Record uses the concept of Assets under Management Equivalents (AuME) and by convention this is quoted in US dollars.

- Alpha Composite[1] return of –3.39 % for year ended 31 March 2011 (year to 31 March 2010 -0.73%)

- Launch of FTSE FRB10 Index, Emerging Market Currency and Euro Stress Funds

- Plans to launch Currency Momentum and Currency Value strategies in the current year

Commenting on the results Neil Record, Chairman of Record plc, said:

"The last financial year was clearly challenging for Record as clients continued to withdraw funds from the existing Currency for Return products. Contrasting this has been the stability of both clients and AuME for the hedging business (Dynamic and Passive) that now represents 88% of our AuME. The split of business between Dynamic Hedging and Currency for Return has changed substantially over the last couple of years.

Management fee income fell to £28.1m as a result of the client losses in the Currency for Return product. Operating margins remained strong at 44% and the balance sheet had £24.7m cash and no debt at the year end.

We have seeded two new funds in the year, a product to track the FTSE Currency FRB10 index and an emerging market product. Additionally, in June we launched a Euro stress fund. All these products are being actively marketed to consultants and clients.

Looking to the current year, we hope to achieve success with Passive and Dynamic Hedging. Over the longer term we believe that the suite of currency return products we are developing will be attractive to clients as they look to invest in currency as it becomes established as an asset class."

Analyst briefing

There will be a presentation for analysts at 9.30am on Tuesday 14 June 2011 at the offices of JPMorgan Cazenove Limited at 20 Moorgate London EC2R 6DA. A copy of the presentation will be made available on the Group's website at www.recordcm.com.

For further information, please contact:

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[1] Currency Alpha Composite – an investment return track record generated by the aggregation of all standard segregated track records for Record's established Currency for Return product. The Currency Alpha Composite is asset weighted, based on AuME for each account.

Neil Record

Chairman

James Wood-Collins

Chief Executive Officer

Paul Sheriff

Chief Financial Officer / Chief Operating Officer

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Nick Denton, John Olsen, Vicky Watkins

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH

	2011 £'000	2010 £'000
Revenue	28,196	33,424
Cost of sales	(102)	-
Gross profit	**28,094**	**33,424**
Administrative expenses	(15,740)	(16,972)
Loss on financial instruments held as part of disposal group	(1)	(60)
Operating profit	**12,353**	**16,392**
Finance income	184	220
Profit before tax	**12,537**	**16,612**
Taxation	(3,603)	(4,707)
Profit after tax	**8,934**	**11,905**
Other comprehensive income	-	-
Total comprehensive income for the year	**8,934**	**11,905**
Total comprehensive income for the year attributable to:		
Non-controlling interests	27	-
Owners of the parent	8,907	11,905

Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in pence per share)		
Basic earnings per share	4.03p	5.39p
Diluted earnings per share	4.03p	5.38p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

	2011 £'000	2010 £'000	2009 £'000
Non-current assets			
Property, plant and equipment	227	205	368
Intangible assets	1,085	535	-
Deferred tax assets	70	143	146
	1,382	**883**	**514**
Current assets			
Trade and other receivables	6,904	8,325	7,742
Derivative financial assets	-	98	-
Cash and cash equivalents	24,728	21,861	29,798
	31,632	**30,284**	**37,540**
Current assets held for sale (disposal group)	**3,022**	**940**	**-**
Total assets	**36,036**	**32,107**	**38,054**
Current liabilities			
Trade and other payables	(4,089)	(3,874)	(7,076)
Corporation tax liabilities	(1,837)	(2,384)	(3,774)
Derivative financial liabilities	(12)	(149)	(13)
	(5,938)	**(6,407)**	**(10,863)**
Total net assets	**30,098**	**25,700**	**27,191**
Equity			
Issued share capital	55	55	55
Share premium account	1,809	1,809	1,809
Capital redemption reserve	20	20	20
Retained earnings	27,262	23,816	25,307
Equity attributable to owners of the parent	**29,146**	**25,700**	**27,191**
Non-controlling interests	952	-	-
Total equity	**30,098**	**25,700**	**27,191**

Chairman's Statement

AuME were 8% lower than the previous year due to the continued decline in the Currency for Return product being mainly offset by a higher level of Passive Hedging business. Dynamic Hedging remained broadly unchanged year on year.

The last twelve months have continued to be challenging and somewhat disappointing. Challenging because we have continued to see disrupted currency markets, through the continuation of quantitative easing providing headwinds to the core source of return in our principal Currency for Return strategy. Disappointing because we have not yet been able to build on the success we had in the previous financial year in gaining additional clients in either the US or UK to our Dynamic Hedging product. On a more positive note, we are confident about adding new Dynamic Hedging clients in the current financial year, and the launch of three new products is encouraging as we continue to diversify the business.

Our priority remains to enhance the range of currency management products which we offer to clients, and progress was made in the year with the launch of two fund-based products with a further product launched in June 2011. All of these products have been externally marketed to clients and it is envisaged that these products will gain traction in the coming years and further improve the diversification of our income.

The first of these products builds on our firm belief that the currency forward rate bias is an asset class in its own right, and that there is a currency 'beta' return available to all. This view is increasingly gaining ground, and is endorsed by at least one of the major international investment consulting firms. Our partnership with FTSE Group has resulted in a second index being launched during the year, the FTSE Currency FRB10 index. We have launched an index-tracking fund and seeded this fund with an investment of £1m from the Group.

The second product is the Group's first fund to invest in emerging market currencies. We see emerging market currencies as an important and growing opportunity for the Group, and we intend to launch a series of currency products to exploit this. The fund has been launched and again seeded with a £1m investment from the Group.

The third product, the Euro Stress Fund, seeks to generate a positive investment performance during times of stress in the Euro. This represents a significant departure for Record, as this is the first tactical and the first non-systematic product the business has launched. We have decided to make a foray into a new investment style to respond to the commercial potential in capitalising on the wide range of views in the market on the long-term viability of the Euro in its current form. This fund was also seeded with a £1m investment from the Group in June 2011.

Financial performance

The financial performance of the Group saw management fees decrease to £28.1m for the year to 31 March 2011, a decline of 15% compared to the year ended 31 March 2010. Given prior valuation levels (or 'high water marks') achieved, no performance fees were earned in the period.

The operating margin, at 44%, was also less than that achieved in the year to 31 March 2010 (49%). This reflects the fixed cost nature of the cost base excluding the Group Profit Share (GPS) which sets aggregate profit share at an average 30% of pre-GPS operating profit.

Overall profit before tax was £12.5m and earnings per share were 4.03p per share. The proposed final dividend is 2.59p per share which, together with the interim dividend, means the total dividend for the year remains unchanged at 4.59p per share. The Board will review the dividend policy ahead of the interim financial results in November 2011 to determine the appropriate dividend policy based on the prevailing business environment at the time. The Board's current intention, subject to business conditions, is to rebase the interim dividend from 2.0p per share to 0.75p per share. In rebasing the dividend, the Board will be mindful of achieving a level which it expects to be covered by earnings going forward.

The balance sheet was stronger at the year end due to the early payment of dividends in the prior year, with shareholder funds increasing by 13% to £29.1m. Cash balances were £24.7m, an increase of 13% on the previous year, reflecting both the earlier dividend payments and the earlier payments of Group Profit Share in the prior year. The Group has a regulatory capital surplus and has cash reserves equivalent to approximately two years' operating costs and no debt.

Aligned incentives

Record operates a profit share scheme whereby 30% of operating profits over the medium term are distributed between all employees of the Record Group. Every member of staff is entitled to a profit share, and the distribution within the staff is determined by each member's profit share 'units' and their salary. These are determined in a formal annual review process.

For the current financial year, the scheme is being slightly modified such that all senior managers, irrespective of their shareholding in the Company, will be required to receive at least one third of their profit-share in the form of share-based payments. Additionally, in order to incentivise the sales effort, provision is also being made for commission arrangements which will be funded from within the profit share scheme.

For a small group of talented individuals below the senior management, a long term option based scheme has been established in addition to the Group Profit Share Scheme. It is our intention that all share-based schemes will not involve the dilution of existing shareholders.

Board changes and personnel

On 1 October 2010 the previously combined roles of Chairman and Chief Executive were separated. I remain as Chairman and James Wood-Collins has become Chief Executive. While James takes up this role at a very challenging time for the business, I am confident that he will enthusiastically pursue our aim of becoming a widely recognised solution for the variety of the currency issues that affect investors. James's appointment represents a continuation of the transition that started shortly after the IPO to put in place a new generation of management.

Group strategy and outlook

The broadening of the product range from three products at the IPO to six products today demonstrates our commitment to diversifying the product range and becoming less dependent on any one product. Whilst product diversification should ultimately result in a balance of income across products, the short term is likely to see a continuation of the trend towards hedging business as the new products gain acceptance with clients. We are continuing to strengthen our sales and distribution capabilities to make the most of our enhanced product range.

On the Dynamic Hedging side, we are seeing interest from a range of investors who have found the cash flows that arose from their passive hedges too disruptive, and where our Dynamic Hedging is seen as a cash flow controlled alternative. This has been particularly enhanced by the sentiment of some investors that currencies will continue to be very volatile over the coming years. We have seen a number of requests for proposals in the UK and have been selected for a £0.5bn UK based Dynamic Hedging mandate. This mandate has not yet started but contract discussions are underway. We believe that we should be able to add further assets in 2011. We also believe our Dynamic Hedging approach is well-suited to US institutional investors who are increasing the scale of their international equity investing.

In the field of Currency for Return, we see the launch of three new funds as offering clients a range of alternative currency strategies in both developed and emerging markets. The combination of our existing active product in the forward rate bias, together with a passive product in the forward rate bias, an emerging markets product and a Euro stress product gives investors an attractive suite of Currency for Return products. We are working on developing two further strategies for currency value and currency momentum that should be launched in the current financial year.

Whilst the short term prospects are likely to continue to be challenging for the business, the implementation of a diversified range of currency products should benefit the business in the longer term.

Neil Record

Chairman

Chief Executive Officer's Statement

As highlighted in the Chairman's Statement, we have continued to diversify the product range and launched two new products during the financial year and a further product in June 2011.

The business now has a suite of six products that are available to clients, together with currency momentum and currency value products that should be available during the current financial year. The focus has now shifted to the delivery of new sales for all these products. The Client Team in the UK is being supplemented with additional resources and a process is on-going to identify sales resources in the US. The delivery of new sales is the key priority for the management team over the coming twelve months.

The Group's principal products had mixed fortunes during the year with Currency for Return overall continuing to see client outflows, Dynamic Hedging remaining broadly unchanged and Passive Hedging increasing as detailed below:

Currency for Return is predominantly the nine year established active forward rate bias product, which experienced very strong demand from institutional investors in 2006 and 2007, and hence rapid growth in AuME over that period. AuME subsequently declined between 2008 and 2011 with the loss of a significant number of typically smaller clients who were invested in the pooled funds. At 31 March 2011, AuME for active forward rate bias strategies, excluding other return-seeking strategies such as emerging market currencies stood at $2.3bn (2010: $7.2bn).

These other return-seeking currency strategies, including emerging market strategies, accounted for $1.1bn of AuME at 31 March 2011 (2010: $0.5bn), almost entirely in segregated mandates. The passive forward rate bias strategy that is currently seed-funded only, is also included within Currency for Return, as other new return-seeking strategies including the Euro Stress Fund will be when launched.

Dynamic Hedging is our longest-standing product, with continuous client track records since 1985. AuME remained largely unaltered in the year at $11.9bn at 31 March 2011 (2010: $12.0bn). We continue to see interest in this product and anticipate further client additions in the coming twelve months.

Passive Hedging, at $15.7bn AuME, accounts for 50% of AuME at 31 March 2011, but only 10% of fee income in the year. We are seeing a renewed interest in Passive Hedging, and increased willingness by clients to pay fees which we consider commensurate with the operational requirements and risk involved, and an appropriate return for Record.

Investment performance

Currency markets have returned to conditions closer to normality over the financial year, with one important exception – the continued persistence of ultra-loose monetary policy across the major economies in our developed market currency universe. Whilst these circumstances have prevailed for longer than we originally anticipated, we continue to believe that they cannot prevail indefinitely, and indeed we have already seen interest rate increases from the European Central Bank since the end of the financial year.

Other currency market characteristics that we exploit, in particular trending and the appreciation of emerging market currencies, have manifested themselves broadly as expected, although we have seen some shortening of the time horizons over which trending is evident, leading to more attention on opportunities for intervention in Dynamic Hedging mandates.

The year ended 31 March 2011 has therefore seen continuing 'in line' performance of the Dynamic Hedging product, negative performance for the active forward rate bias product, and positive performance for the emerging market product.

For US-based Dynamic Hedging clients, April and May 2010 were broadly characterised by a strengthening US Dollar, continuing a trend that had been established since December 2009. The high proportion of exposures hedged in these programs (‘hedge ratios’) allowed clients to outperform unhedged benchmarks substantially. The US Dollar trend then reversed from June 2010, and broadly weakened through to the end of the financial year. Whilst some of the value built up in hedging programs was lost in this rapid reversal, the Dynamic Hedging process rapidly reduced the hedge ratios to allow our clients to benefit from strengthening foreign currencies in their underlying portfolios.

For UK-based Dynamic Hedging clients, trending in Sterling was less evident over the financial year. This led to periods of positive performance against unhedged benchmarks (as Sterling strengthened against foreign currencies) and periods of negative performance (as Sterling weakened); overall performance was modestly negative for the year, due to the inherent costs of the investment process. Since this process is intended to allow clients to benefit from strengthening foreign currencies and be protected against weakening foreign currencies over multi-year currency cycles, no single year’s performance can be taken as indicative of long-term performance.

For the active forward rate bias product, expressed as a percentage of underlying assets with no gearing (‘gearing one’ basis i.e. mandate sizes are scaled to an expected 4% tracking error), the excess return of our segregated composite was –3.39% for the year ended 31 March 2011, compared to the FTSE Currency FRB10 index excess return in GBP of +1.77%.

The FTSE Currency FRB10 index has outperformed our active product over this period because of the index’s greater exposure to less liquid currencies (principally the Australian Dollar and the New Zealand Dollar) and the absence of risk management costs. Notwithstanding the outperformance over this period, we continue to have confidence in the investment process and long-term performance of our active product. Meanwhile the index’s performance over this period should support marketing of the FTSE FRB10 Index Fund.

Performance of our emerging market currency program since its live launch (as a segregated account) in November 2009 has been in line with the simulated performance since 1998. The excess return of our live program (both segregated and funded) was 2.08% for the year ended 31 March 2011. This return can be attributed to a number of the emerging market currencies of which we are long in the program, with diversification across developed market currency short positions also contributing to the performance.

We continue to anticipate that as the world economy returns to a more normal monetary environment, the long-standing forward rate bias track record demonstrated in the FTSE indices should re-establish itself. More broadly, our development of a range of return-seeking strategies should allow us better to ride out the periodic bouts of underperformance that are to be expected in any single return-seeking approach.

Product development

Our investment philosophy is well established over the last thirty years. We believe that long-term strategic outcomes for investment clients in the currency market are only reliably achievable by exploiting long-term and persistent characteristics of that market. We have maintained this philosophy in the face of the unusual and disrupted market conditions that have prevailed over much of the last three years, and we intend to continue to do so.

The active forward rate bias product principally exploits the forward rate bias (more commonly known as ‘carry’) as the key driver of investment returns, and allies this to trends (or ‘momentum’) as a downside risk-control mechanism in order to limit our clients’ exposure to periods of forward rate bias underperformance. This product also exploits short-term ‘mean reversion’, although to a lesser degree.

Our confidence in the risk premium, or ‘beta’ nature of the forward rate bias underpins our partnership with FTSE Group to develop forward rate bias indices, as well as our development of the FTSE FRB10 Index Fund. A comparison of our active and passive forward rate bias track records demonstrates the effectiveness of our active investment process, in particular the trend-exploiting downside risk-control mechanism.

The emerging market currency strategies exploit a distinct characteristic of these markets – namely that as their economies converge in GDP per capita terms with developed markets, and do so through international trade and globalisation, their currencies are expected to appreciate against developed market currencies. This effect, sometimes known as the 'Balassa-Samuelson' effect, can be observed over the last thirty-five years.

The Euro Stress Fund is a new departure for Record, in that it represents both a tactical and a non-systematic approach. We believe that the uncertainties that lie ahead for the Euro mean further stresses for the currency union that may create opportunities for investors to profit from Euro destabilisation. These opportunities will necessarily be path-dependent, and hence their exploitation is less systematic than Record's longer-established strategic products.

In launching the Euro Stress Fund, we have established a fully regulated Jersey management company. This is Record's second jurisdiction for funds and provides both diversification and potential opportunities from Jersey-based investors for which Dublin-based funds are not appropriate.

Rounding out our suite of return-seeking currency products will be the currency value and currency momentum products that we expect to launch in the current financial year. Both exploit characteristics that we have long-recognised – 'currency value' is the recognition of long-term mean reversion amongst developed market currency pairs, and so underpins many of the arguments for hedging, and momentum is at the core of our downside risk-control mechanisms. We have not sought to exploit either of these as stand-alone return sources in recent years, and are now starting to do so in response to client demand. Our development of these new products also creates opportunities for multi-strategy currency products, accessing multiple return sources in the currency market.

Turning to our hedging products, our Dynamic Hedging product primarily exploits trends to allow our clients to benefit from strengthening foreign currencies, and then to implement hedging against weakening foreign currencies.

Finally, our Passive Hedging product does not exploit any of the currency market characteristics identified above (although the arguments for hedging developed market currency exposures rely on long-term mean reversion). Our implementation of Passive Hedging does rely on a number of important attributes of Record, not least our expertise in designing hedging programs so as to be as straightforward for the client to administer as possible, and our fiduciary duty and moral obligation to achieve 'best execution' for our clients in all of their transactions.

This duty, and our expertise in fulfilling it, is creating an opportunity to offer execution-only mandates, where we transact for clients (solely as agent and not as principal) in respect of 'ordinary course' FX transactions. Demand for unconflicted FX execution has risen, in large part due to well-publicised concerns in the US over custodian banks' FX execution. Offering execution-only mandates, whilst modest in revenue terms, is also remunerated on a basis which we consider commensurate with the operational requirements and risk involved. Execution-only and Passive Hedging mandates also offer opportunities to migrate at least some of these new clients to higher value-added services in the future.

New business initiatives

The expansion of our product range has created a more diversified base from which to grow the business, reducing our dependence on any one investment strategy. With this diversification largely complete, our attention has shifted to ensuring that we have the right sales and distribution resources in place to take advantage of our expanded product range.

Our core UK pension fund market continues to be largely driven by investment consultants. With that in mind, we have added one member to the Client Team to focus exclusively on UK investment consultant relations, working closely with other members of the team and senior members of Record's management group.

In the US, we see a combination of factors increasing demand for our products, in particular execution-only and hedging. These factors include the growing use of global equity benchmarks and the consequent increase in international equity investing, and the concerns over custodian FX execution highlighted above. This, allied with increasing reliance on investment consultants by US pension plans (in particular public sector plans), has caused us to look at adding dedicated US-based sales and consultant relations resources, and we are hopeful of finalising this in the first half of the current financial year.

Since the end of the financial year, we have also added a senior member of the Client Team with long-standing experience in the currency market, whose remit will focus on opportunities in Europe excluding the UK pension fund market. When combined with the rest of the team's focus on the UK, Swiss and North American markets, we believe our sales and distribution resources will prove effective in making the most of our enlarged product range. The combined effect of these changes will add approximately £0.5m to the cost base.

In order to position Record so that it can benefit from developments in the currency market, we have continued to recruit talented individuals, enhance our processes and invest in systems infrastructure. In particular, the Group is currently in the process of implementing a new back-office system that we anticipate will be completed in the current financial year.

James Wood-Collins

Chief Executive Officer

Business Review

The twelve months to 31 March 2011 saw a stable level of AuME for the Dynamic Hedging business that accounted for 62% of fee income. Currency for Return products continued to see a decline in AuME and investment performance was negative for the year as a whole. Passive Hedging saw an increase in the year.

Introduction

The Business Review is a review of the business by management. Its purpose is to provide shareholders with a summary, setting out the business objectives of the Group, the Board's strategy to achieve those objectives, the risks faced, the regulatory and operating environment and the key performance indicators (KPIs) used to measure performance.

This review has been prepared in accordance with the requirements of Section 417 of the Companies Act 2006 and it forms part of the Directors' Report. The Company's auditor is required to report on whether the information given in the Directors' Report and Business Review is consistent with the financial statements.

Overview

The twelve months to 31 March 2011 saw a stable level of AuME for the Dynamic Hedging business that accounted for 62% of fee income. Currency for Return products continued to see a decline in AuME and investment performance was negative for the year as a whole. Passive Hedging saw an increase in the year. The Group saw an overall decrease in AuME, client numbers, fee income and operating profit. The balance sheet of the Group remains strong with substantial cash and capital resources available to the Group.

KPIs

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

Table 1 - KPIs

KPIs	**2011**	**2010**	**2009**
AuME at 31 March – US Dollars	$31.4bn	$34.0bn	$31.5bn
AuME at 31 March – Sterling	£19.6bn	£22.4bn	£22.0bn
Average AuME – US Dollars	$31.3bn	$34.8bn	$45.6bn
Currency Alpha Composite[3]	(3.39%)	(0.73%)	(3.49%)
Client numbers at 31 March	46	93	121
Average management fee rates	14.0	15.2	17.1
Operating profit margin	44%	49%	55%
Basic EPS	4.03 pence	5.39 pence	8.73 pence

Summary of highlights

- AuME decreased by $2.6bn (8%) during the year. AuME, when measured in Sterling, decreased by £2.8bn (13%).
- Average AuME decreased by $3.5bn (11%) during the year. The largest component was the significant fall in Currency for Return AuME.
- The excess return of our segregated Alpha Composite, expressed as a percentage of underlying assets on an ungeared basis, was -3.39%.
- Client numbers: this represents the number of separate legal entities that have invested in a Record fund or appointed Record directly as an investment manager. Each entity may have more than one mandate. The number of clients at 31 March 2011 was 46, a fall of 47 over the year.
- The average management fee rates achieved were maintained year on year for all products. However, the change in product mix due to the decline in Currency for

[3] Currency Alpha Composite – an investment return track record generated by the aggregation of all standard segregated track records for Record's Currency for Return product. The Currency Alpha Composite is asset weighted, based on AuME for each account.

Return has caused a decrease in blended average management fee rate from 15.2bps to 14.0bps.

- A combination of reduced management fees, marginally higher fixed costs and a reduced profit share cost resulted in an operating profit margin of 44% for the year to 31 March 2011.

- The decrease in operating profit margin is reflected in the fall in the Group's earnings per share to 4.03p per share.

Product review

Investment performance

Our hedging products are systematic in nature. The effectiveness of each of the client programmes 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 program in line with the client's risk tolerance.

The performance of our Dynamic Hedging product depends on how the foreign currencies change in value relative to the base currency of a client. During the last year, our US-based clients benefited not only from the strong performance of overseas equities but also from the consistent depreciation of the US dollar relative to other developed market currencies. Under this scenario overseas investments increase in value, and our Dynamic Hedging programme is designed to allow for the strength of the underlying foreign currency performance to translate into strong performance expressed in US dollars. As the foreign currencies were outperforming the US dollar, the Dynamic Hedging program was decreasing the extent of the foreign currency hedging but positioned to protect the accumulated currency gains in case of US dollar reversal towards strength. During the year the Dynamic Hedging product performed as expected and allowed clients to participate in the majority of these currency gains.

It was a different picture for our UK-based clients where the overseas equity markets performed well, but this outperformance was partially offset by moderate weakness of the foreign currencies against Pound Sterling. Under this scenario our Dynamic Hedging product reacted by increasing the level of currency protection, although in the absence of clear trends the overall performance was slightly negative.

For the Currency for Return product, the core investment process, the Trend/Forward Rate Bias (FRB) strategy, aims to buy selected higher interest rate currencies and sell selected lower interest rate currencies and to manage these positions with a view to controlling downside risk. Historically this investment approach has shown positive returns due to the existence of the Forward Rate Bias and trending movements in selected currency pairs, although in the period since the beginning of the credit crunch the returns from the Forward Rate Bias have been negative. Last year saw the beginning of a reversal in the policy of low interest rates and various other methods of ultra-loose monetary policy in the developed world. Several developed world countries began the cycle of monetary tightening but the overall state of heightened risk aversion was dominated by the instability in the Euro-zone and uncertainties around the economic recovery in the US. The heightened risk aversion resulted in further depreciation in traditionally high interest rate currencies which in turn created opportunities for longer term recovery in performance. The table below shows the extent of weakness in US dollar (USD), Pound Sterling (GBP) and the Euro (EUR) against traditionally low interest rate currencies like the Japanese Yen (JPY) in the period from June 2007 to December 2010:

Currency Pair	Depreciation of high interest rate currency since June 2007:
USD vs. JPY	34%
GBP vs. JPY	49%
EUR vs. JPY	35%

The recovery path in the performance of the Forward Rate Bias remains unknown, but historically following previous periods of Forward Rate Bias underperformance, a substantial portion of the recovery came from appreciation of high interest rate currencies in anticipation of tightening in the monetary policy.

Table 2 - Annual returns of Record Umbrella Currency Funds; year to 31 March 2011

Fund Name	Gearing	Annual Return %	Volatility since inception % p.a.[4]
Cash Plus	7	(24.75%)	19.63%
US Cash Plus	7	(24.11%)	19.93%
US Equity Plus	6	(15.20%)	24.95%
Sterling 20	5	(15.44%)	11.22%
UK Equity Plus[5]	6	(1.79%)	n/a
FTSE FRB 10 Index[6]	1.8	3.87%	n/a
Emerging Market Currency[7]	1	2.69%	n/a
Index /composite returns		**Annual Return %**	**Volatility since inception % p.a.**
Alpha composite		(3.39%)	2.81%
FTSE Currency FRB5 GBP Excess return		(4.93%)	5.69%
FTSE Currency FRB10 GBP Excess return		1.77%	4.72%[8]
Global Equities (S&P 500)[9]		46.57%	14.81%[10]

Gearing

[4] No volatility data is provided for products with less than 12 months historic data

[5] UK Equity Plus Fund return data is since inception in October 2010.

[6] FTSE FRB10 Index Fund return data is since inception in December 2010.

[7] Emerging Market Currency Fund return data is since inception in December 2010.

[8] Inception date is 31 December 1987

[9] For comparison only

[10] Since December 1987

The Currency for Return product group allows clients to pick the level of exposure they desire in the FX currency programmes. The pooled funds offer clients a range of gearing and target volatility levels with either Sterling or US Dollars as the base currency. The segregated mandates allow clients to individually pick the level of gearing.

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

The level of gearing has a direct consequence on the level of volatility to which the investment will be exposed. A 5 times geared fund in the long-established Currency for Return FRB product should anticipate volatility of 20%, compared to a 7 times geared fund volatility of 30%. By comparison, an equity portfolio typically has a volatility of around 14%.

The level of gearing obviously impacts on the returns that clients have experienced and this has been particularly relevant in an environment of predominantly negative returns. Pooled clients in the higher geared funds have seen losses that have increased their propensity to redeem their investment.

AuME development

The Group has seen an overall decrease in AuME of $2.6bn through the year, reaching $31.4bn at the year end.

Table 3 - AuME development ($bn)

Opening AuME at 1 April 2010	Net client flows	Performance	Equity	FX effect	Closing AuME at 31 March 2011
34.0	-3.6	-0.6	-0.4	+2.0	31.4

AuME movements result both from factors within Record’s control and external factors. External factors include the Sterling/US Dollar exchange rate and the underlying asset value (usually equities) on which hedging mandates are based. External factors accounted for a rise of $1.6bn in AuME during the year.

The Group has seen net outflows of $3.6bn from clients. Inflows from both new and existing clients totalled $2.4bn, and were offset by outflows of $6.0bn. Other movements included:

(i) a fall of $0.4bn related to movements in global stock and other markets as many mandate sizes are linked to such markets;

(ii) a rise of $2.0bn due to changes in exchange rates over the period, which affects the conversion of non-US Dollar mandate sizes into US Dollar AuME. This does not have an equivalent impact on the Sterling value of fee income; and

(iii) a decrease of $0.6bn due to investment performance in the Group’s pooled funds, which is compounded on a geared basis into the AuME in those funds.

Of these movements, (i) and (ii) are outside the control of the Group.

When expressed in Sterling, AuME in the year decreased by 13% to £19.6bn (2010: £22.4bn). This decrease is more representative of the impact of AuME on underlying management fee income with 31% of year end AuME being denominated in Sterling, 32% in US Dollars, 33% in Swiss Francs and 4% in Euros.

Record's Currency for Return products are offered on either a segregated mandate basis or through pooled funds, where clients subscribe for units in funds for which Record is the distributor and investment manager. Segregated Currency for Return AuME fell to $2.2bn (2010: $3.6bn) due principally to the net outflows which totalled $1.5bn. Included in the segregated Currency for Return mandates are a small number of mandates for emerging market currencies totalling $1.1bn (2010: $0.5bn). Record's pooled funds experienced significant outflows with AuME falling to $1.2bn (2010: $4.1bn).

Dynamic Hedging mandates remained largely unchanged at $11.9bn (2010: $12.0bn). There were no material changes to the constitution of the Dynamic Hedging business in the year.

Passive Hedging AuME increased by $2.3bn, a 17% increase in the year. This increase was the combination of three factors: net inflows of $0.8bn, the movement in the Sterling/US Dollar exchange rate (an increase of $1.6bn) and a fall of $0.1bn in value of the underlying assets, typically international equities, that the hedging programme is established to hedge against. A number of passive mandates are linked to overall programmes under which an additional Currency for Return or Dynamic Hedging mandate incorporates an element of Passive Hedging.

Product mix

The Group's product mix has continued to change over the period due to the AuME movements described above. Hedging AuME has grown to 88% of AuME (2010: 75%), as a result of the growth of the Passive Hedging product, which accounts for 50% of AuME (2010: 39%). Together Currency for Return and Dynamic Hedging represent 49% of AuME (2010: 58%) being higher margin products compared to Passive Hedging. Dynamic Hedging mandates made up 38% of AuME (2010: 35%). Currency for Return pooled funds made up 4% of AuME (2010: 12%) and Currency for Return segregated funds 7% of AuME (2010: 11%).

At 31 March 2011 Record had 46 clients. The Group has gained a small number of new clients in the year but overall experienced a net loss of 47 clients.

Table 4 - AUME composition by product (US $bn)

	31-Mar-11		31-Mar-10	
Currency for Return - segregated	2.2	7%	3.6	11%
Currency for Return - pooled	1.2	4%	4.1	12%
Sub - Total Currency for Return	**3.4**	**11%**	**7.7**	**23%**
Dynamic Hedging	11.9	38%	12.0	35%
Passive Hedging	15.7	50%	13.4	39%
Cash	0.4	1%	0.9	3%
Total	**31.4**	**100%**	**34.0**	**100%**

Table 5 - AUME composition by product (GB £bn)

	31-Mar-11		31-Mar-10	
Currency for Return - segregated	1.4	7%	2.4	11%
Currency for Return - pooled	0.8	4%	2.7	12%
Sub - Total Currency for Return	**2.2**	**11%**	**5.1**	**23%**
Dynamic Hedging	7.4	38%	7.9	35%
Passive Hedging	9.8	50%	8.8	39%
Cash	0.2	1%	0.6	3%
Total	**19.6**	**100%**	**22.4**	**100%**

Table 6 - AuME composition by product and base currency

	Currency for Return Segregated		Currency for Return Pooled		Dynamic Hedging		Passive Hedging	
Base Currency	**31-Mar-11**	**31-Mar-10**	**31-Mar-11**	**31-Mar-10**	**31-Mar-11**	**31-Mar-10**	**31-Mar-11**	**31-Mar-10**
Sterling	GBP 0.3bn	GBP 1.3bn	GBP 0.8bn	GBP 2.4bn	GBP 1.2bn	GBP 1.1bn	GBP 3.6bn	GBP 3.0bn
US Dollar	USD 1.0bn	USD 0.8bn	-	-	USD 8.9bn	USD 9.4bn	-	-
Swiss Franc	CHF 0.5bn	CHF 0.7bn	-	-	CHF 1.0bn	CHF 0.9bn	CHF 7.9bn	CHF 8.2bn
Euro	-	-	-	EUR 0.3bn	-	-	EUR 1.0bn	EUR 0.8bn
Canadian Dollar	CAD 0.2bn	CAD 0.2bn	-	-	-	-	-	-
Total AuME US Dollars	USD 2.2bn	USD 3.6bn	USD 1.2bn	USD 4.1bn	USD 11.9bn	USD 12.0bn	USD 15.7bn	USD 13.4bn

Table 7 - AuME by Client type

AuME $ billions / %	31-Mar-11		31-Mar-10	
Government & Public funds	18.7	59%	20.2	59%
Corporate Pension funds	8.4	27%	9.5	28%
Foundations & Investment funds	4.3	14%	4.3	13%
Total	**31.4**	**100%**	**34.0**	**100%**

Table 8 - AuME by Client location

AuME $ billions / %	31-Mar-11		31-Mar-10	
UK	9.7	31%	12.5	37%
Europe (excluding UK)	13.0	41%	12.0	35%
North America	8.7	28%	9.5	28%
Total	**31.4**	**100%**	**34.0**	**100%**

Strategy

The strategic goals of the Group remain unchanged even in the current period of strain in financial markets:

- To offer a range of currency solutions to a range of institutional clients;
- To exploit opportunities for hedging (Dynamic and Passive) products in the current market environment;
- To develop both existing and new products within currency management, including emerging market currencies, momentum and value strategies;
- To promote currency Forward Rate Bias as a manager-independent asset class – currency 'beta';
- To maintain and grow Currency for Return, including emerging market currencies;
- To respond quickly and flexibly to clients' currency management needs; and
- To continue investment in people and infrastructure.

Market development

Currency Solutions

Currency solutions potentially encompass a wide range of activities. This ranges from clients seeking to be educated about currency exposure and solutions through to bespoke and tailored solutions for clients. In particular, we are currently seeing a number of cases where it is alleged that custodians have been taking excess spreads on currency transactions for clients and we have seen an increasing number of requests for general currency advice. This ranges from clients asking Record to undertake a currency audit of transactions through to clients exploring whether Record could offer execution services instead of a client's custodian. It is believed that this business line could grow in the coming twelve months and equally that clients who commence with an execution mandate, may in time look for hedging and for return-seeking solutions.

Hedging opportunities

The continued volatility in exchange rates over the last three years has caused investors to re-examine their strategy for managing exchange rate exposure, particularly in the US where exposure to international assets continues to increase. Hedging now represents 88% of AuME and 72% of management fee income.

Passive Hedging

We began re-marketing our Passive Hedging product in 2010 and this has now resulted in growing AuME for this product. Clients have been attracted to Record because we offer independent trading relationships and we are able to manage counterparty exposure on behalf of clients.

Whilst Passive Hedging has many benefits over not hedging, there are particular cash flow implications during periods in which a client's base currency is weak. For example, UK investors with international equities have seen the value of their international equities appreciate as Sterling has weakened. Those investors who chose a passive hedging strategy have seen an offsetting cost associated with this hedging strategy that has often had very significant cash flow implications.

Dynamic Hedging

Record's Dynamic Hedging programme is an attractive alternative to Passive Hedging that seeks to benefit when a client's base currency is strong and limit the costs when the base currency is weak. However, the product requires a level of confidence in Record together with a high level of understanding from the investment consultants, investment managers and trustees of a scheme. This, combined with a lack of obvious competition or similar product offerings, has often proved challenging for Record. The product itself, has continued to perform in line with expectations during this period, for both UK and US clients.

Currency for Return opportunities

Record's established active FRB strategy has seen a period of negative performance from July 2007 to March 2011. The product has seen significant outflows over the last three years and it is likely that there will be further outflows in the short-term. In particular, the pooled funds, through which the majority of clients invested, have seen the majority of investors redeem their investments over this period.

Record remains committed to the long-term performance of this product and believes that performance will return. Interest rate differentials are likely to revert to levels reflecting differences in supply, demand and risk of currencies, and higher interest rate currencies are likely to appreciate in anticipation of this, benefitting the investment process.

In the medium term, providing positive performance returns, Record believes that the environment will be favourable for clients to consider currency as an alternative asset class in its own right.

Currency Beta

One of Record's medium to long-term aims is to develop currency as an asset class in its own right. The 'asset class project', which started in 2009, has seen the launch of a second currency index, the FTSE Currency FRB10 Index, in December 2010. Record launched a pooled fund, the Record Currency FTSE FRB10 Index Fund, to track this FTSE index and invested £1m in December 2010. It is envisaged that there will be client demand for this product in the current financial year.

Emerging Market

Record recognises that emerging market currencies offer investors an opportunity to either seek to make a return from emerging market currencies or seek to separate the underlying on-shore asset performance (typically equities or bonds) from the currency effect. Record currently has a small number of segregated accounts, totalling $1.1bn of AuME for which an emerging market currency option portfolio and an emerging market currency strategy are implemented. Additionally, a pooled fund product was launched in December 2010 and seeded with a £1m investment from Record.

Euro Stress

In June 2011, Record launched a Jersey-based fund that is positioned to generate a return when the Euro experiences periods of strain on the currency union. Record seeded the fund with a £1m investment and the fund is currently being marketed to potential clients. This fund is more discretionary in style and is managed on a day to day basis by the Portfolio Management Group, consisting of the Chief Investment Officer, Head of Portfolio Management, Head of Portfolio Implementation and the Head of Trading.

Product development

It is widely recognised that there are four popular systematic trading styles in FX, namely: "carry"; "value"; "momentum" and "short volatility". Record intends to launch two new strategies in the coming twelve months to exploit Currency Momentum and Currency Value. These seek to exploit long-term mean reversion and short-term trending in currency markets respectively and have generated beta-like returns over the last 30 years. These planned product launches will complement our existing offering in the carry (forward rate bias) and emerging market strategies. These indices will then allow investors to tailor their allocation to four different return streams, in varying weights if necessary.

Currency Momentum

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

Currency Value

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

People management

Record's success depends on its ability to attract, retain and motivate highly talented staff.

Recruitment

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

The Group has continued to recruit selectively throughout the year in order to maintain a flexible, scalable platform for future growth. The number of employees in the Group at 31 March 2011 was 70 (2010: 70).

Staff retention and motivation

An effective performance review and objective setting process, personal development planning including the development of career paths, together with our open and involving office culture, are all key priorities in the development and retention of our staff. In addition, the Group Profit Share Scheme promotes the acquisition of equity in the Company by staff, improving both motivation and retention.

Board and management succession

As indicated in the Report and Accounts for the period ended 31 March 2010, the joint role of Chairman and Chief Executive was split on 1 October 2010. From this date, Neil Record, who had previously performed the joint role, assumed the role of Executive Chairman and relinquished the role of Chief Executive.

James Wood-Collins was appointed Chief Executive and joined the Board on 1 October 2010. James joined Record following the IPO in 2008 and was Head of the Client Team prior to being appointed Chief Executive. Prior to joining Record, James worked at J.P. Morgan Cazenove.

At the same time, Leslie Hill re-assumed responsibility for leadership of the Client Team and Paul Sheriff assumed the position of Chief Operating Officer in addition to his role as Chief Financial Officer, formalising a position he had fulfilled since August 2009.

Infrastructure development

Record is regularly reviewing its internal systems and processes in order to realise gains in capability, profitability, efficiency and effectiveness, and to reduce its risk profile. After a formal evaluation process, the Group has been working to implement a new middle and back office platform.

This system is currently undergoing user acceptance testing and it is envisaged that the system will be live in the current financial year. The system should provide Record with increased flexibility, both now and in the future, in terms of:

- adding new instruments;
- deploying new products and portfolios; and
- delivering an improved level of client service.

The implementation of this system should enhance the control environment through the:

- robustness of a proven third party system;

- reduction of ‘off system’ processes; and
- standardisation of operational processes.

Risk management

The Board recognises that risk is inherent in all of its business dealings, and in the markets and instruments in which the Group operates. It therefore places a high priority on ensuring that there is a strong risk management culture within the Group. Effective risk management and strong internal controls are central to the Group’s business model and during the year the Group has made further progress in developing this framework.

The Audit and Risk Committee was established to provide oversight and independent challenge in relation to internal control and risk management systems and procedures. The Compliance Director is responsible for ensuring compliance with appropriate legal and other regulatory standards, and for internal risk review of operational processes. Additionally, Deloitte LLP performed a number of pieces of assurance work in respect of Record’s internal controls during the year.

The Board has established a Risk Management Committee which is chaired by the Chief Financial Officer/Chief Operating Officer and has the Head of Operations, the Head of Trading, the Head of Reporting Services, the Head of Portfolio Management, the Head of Portfolio Implementation and the Head of Compliance as members. The Committee reviews existing and new risks, and the incidence and nature of any operational errors with the objective of ensuring that adequate systems and controls are in place to minimise and preferably eliminate such errors and their impact on both the Group and its clients. Further details are provided in the Corporate Governance section of the Annual Report.

The Group appointed Grant Thornton UK LLP as the reporting accountant for its Audit and Assurance (AAF 01/06 and SAS 70) reports. There are two types of assurance engagements associated with the AAF framework, specifically ‘reasonable’ assurance engagements and ‘limited’ assurance engagements. The Group undertakes the higher standard of ‘reasonable’ assurance engagements.

The principal risks faced by the Group fall into a number of distinct categories and the means used to mitigate them are both diverse and relevant to the nature of the risk concerned. The principal risks and the means used to mitigate them are set out below:

Risk type/owner	Description of risk	Mitigation
Strategic and business risks The risk that the medium and long term profitability of the Group could be adversely impacted by the failure to identify and implement the correct strategy. Delegated to: Record plc Board; and Executive Committee	These include:	These include:
	Any impairment to Record's standing in the currency management markets with investors and investment consultants may result in the loss of AuME and/or fee income.	The Board's lengthy investment management experience.
		Record's risk appetite does not extend to taking either regulatory or reputational risks within the decision making process. Sufficient allocation of resources is provided to enhance prevention of any systemic failures of day to day product implementation that could affect the firm's reputation.
	Loss of key personnel; could impact on the management of the Group and/or lead to a loss of AuME.	The Group's investment process is steered by an Investment Committee of five, and for all products except the Euro Stress Fund is managed on a day to day basis by a systematic process which is not reliant on any individual employee.
		All clients have two points of contact to ensure continuity in the client relationship if any one person left.
		The Group considers that its remuneration policy and in particular the operation of the Group Profit Share Scheme promotes key personnel retention and effective risk management.
	Concentration risk on single product type; Record's products are all currency management based hence it would be adversely affected by a move away from Dynamic Hedging and/or currency as an asset class by its core client base.	Diversification of investment capabilities across risk reducing and risk taking products to reduce single event/product exposure.

Risk type/owner	Description of risk	Mitigation
	Account concentration; Record has a relatively small number of high value clients. Its largest client generated 33% of management fee income in the year ended 31 March 2011. The largest five clients generated 59% of management fee income and the largest ten clients generated 76% of management fee income in the year ended 31 March 2011.	Record's commitment to client services excellence, the transparency of the investment process and the regular reporting and face to face contact with clients is integral to retention.
	Reliance on investment consultants; if a consultant no longer believes that Currency for Return or Dynamic Hedging is suitable for clients and/or a consultant no longer believes that Record is a recommended investment manager, then this could result in a loss of AuME.	The Group devotes considerable senior management time and effort to its relationships with the investment consultancy firms to ensure that developments within the Group and its investment research and processes are understood by these firms.
	Changes in the regulatory environment or tax regime making investment in currency less attractive to investors.	Diversification of investment capabilities across risk reducing and risk taking products to reduce single event/product exposure.
Investment risks The risk that long term investment outperformance is not delivered, damaging prospects for winning and retaining clients, and putting average management fee margins under pressure. Delegated to: Investment Committee	These include:	These include:
	The Group is paid by its Currency for Return clients to generate positive investment performance over the medium and long term by taking investment risk on their behalf. Any sustained period of poor investment performance reduces the value of AuME in the Group's pooled funds and segregated mandates that could lead to mandate terminations by clients, to loss of confidence in the Group's investment model by clients, potential clients and the investment consultants who advise them.	Experienced Investment Committee meets frequently ensuring consistent core investment processes are applied.
		Dedicated currency management research and investment focus.
		Remuneration policy links senior management's remuneration to long term performance of the Group.

Risk type/owner	Description of risk	Mitigation
	The Group's Dynamic Hedging products seek to vary the hedge ratio of a client's portfolio such that a client benefits from the hedging programme in periods of base currency appreciation and limits the costs in periods of base currency weakness. Prolonged periods of base currency weakness or strength may lead clients to re-assess the benefits of the product.	Experienced Investment Committee meets frequently ensuring consistent core investment processes are applied.
		Dedicated currency management research and investment focus.
Operational risks Risks in this category are broad in nature and inherent in all businesses. They include the risk that operational flaws result in business losses – through error or fraud, the inability to capitalise on market opportunities, or weaknesses in systems and controls. Delegated to: Risk Management Committee	These include:	These include:
	The Group is exposed to the risk of failure of its proprietary IT system (ROMP, or Record Overlay Management Programme) and/or other IT systems.	The Group has developed comprehensive disaster recovery and business contingency plans. These cover scenarios from server failure to destruction of the Group's offices. Alternative office facilities and equipment are available at a disaster recovery provider should the premises be compromised. Disaster recovery procedures are tested on a regular basis at the site of the disaster recovery provider.
		Engagement letters or service level agreements are in place with all significant service providers.
	Execution and process management; dealing, portfolio, settlement and reporting errors.	Record prepares an annual AAF 01/06 report and SAS 70 report. The contents of these reports, which have been independently reviewed and tested by Grant Thornton UK LLP, provide assurances of the Group's procedures and controls to mitigate operating risk.
		Record has an outsourced Internal Audit function that reports independently to the Audit and Risk Committee.

Risk type/owner	Description of risk	Mitigation
		The Group's investment processes for all products except the Euro Stress fund are at the day to day level systematic and non-discretionary in nature. ROMP prompts trades that are executed by a dedicated trading team without discretion. ROMP therefore controls the trading to ensure that portfolios are within the structure dictated by the investment process. A dedicated portfolio management team oversee the investment process and provide post-trade compliance assurances.
		Each department has established procedures manuals that are available to all members of staff. The adherence to these procedures is checked through the compliance monitoring programme, AAF and SAS 70 reviews and the internal audit programme.
	Non-compliance, including monitoring of investment breaches.	Each department has established procedures manuals that are available to all members of staff. The adherence to these procedures is checked through the compliance monitoring programme, AAF and SAS 70 reviews and the internal audit programme.
	Record's investment process involves high daily trading turnover of client positions in both size and volume, therefore it can be said to be reliant on market liquidity.	The Group trades on behalf of clients in currency and other products with a large panel of banking counterparties. Currency is a particularly liquid market that has continued to provide sufficient daily liquidity.
	Record exposes clients to derivative transactions with large banks as the counterparty. As an over the counter (OTC) product, these contracts inherently contain a degree of counterparty risk with the counterparty bank.	There is an established Risk Management Committee that meets on a monthly basis. The Risk Management Committee oversees the credit policy regarding counterparty exposure.
Treasury risks	These include:	These include:

Risk type/owner	Description of risk	Mitigation
The risks that management does not appropriately mitigate balance sheet risks or exposures potentially resulting in an adverse impact on the financial performance or position of the Group. Delegated to: Chief Financial Officer	More than 50% of Group revenues are denominated in a currency other than Sterling, the Group's functional and reporting currency, yet the Group's cost base is almost 100% Sterling based.	The Group hedges its non-Sterling income on a monthly basis from the date that income is accrued until the anticipated date of receipt by using forward fixed rate currency sales contracts.
	The Group invests a limited amount of its resources in its own funds (seed capital), exposing it to price risk, credit risk, and foreign exchange risk.	Monthly reporting of all balance sheet exposures to the Executive Committee and Board.
	Liquidity management - the Group is exposed to credit risk and interest rate risk in respect of its cash balances.	The Group has adopted a credit risk policy to manage its credit risks, under which it keeps its cash on deposit with at least two A1/A+ or better rated banks at any one time.
		Monthly reporting of all balance sheet exposures to the Executive Committee and Board.

Financial review

Total revenue decreased by 16% to £28.2m, principally due to the reduction in management fees. This is greater than the reduction in average AuME during the year of 10% due to the business mix including a higher percentage of Passive Hedging that attracts lower fees. Total expenditure decreased by 8% to £15.7m principally through a reduction in the Group Profit Share cost. Profit before tax decreased by 25% to £12.5m.

Profit and loss (£m)	2011	2010
Management fees	28.1	33.2
Performance fees	-	0.2
Other revenue	0.1	-
Total revenue	28.2	33.4
Cost of sales	(0.1)	-
Gross profit	28.1	33.4
Personnel (excluding Group Profit Share Scheme)	(6.1)	(6.1)
Non-personnel cost	(4.3)	(3.8)
Loss on financial instruments held as part of disposal group	-	(0.1)
Total expenditure (excl. Group Profit Share Scheme)	(10.4)	(10.0)
Group Profit Share Scheme	(5.3)	(7.0)
Operating profit	12.4	16.4
%	44%	49%
Net interest received	0.1	0.2
Profit before tax	12.5	16.6
Tax	(3.6)	(4.7)
Profit after tax	8.9	11.9

Fees

In the year ended 31 March 2011, the fall in the number of clients, the associated decline in average AuME and the absence of performance fees led to total fee income decreasing to £28.1m.

Table 9 - Average management fee rates by product – (bps)

Product	2011	2010
Currency for Return - pooled	28.3	24.4
Currency for Return - segregated	23.4	26.6
Currency for Return – combined average	26.1	25.4
Dynamic Hedging	23.9	23.7
Passive Hedging	2.9	2.6
Weighted average	**14.0**	**15.2**

Record charges fees to its clients based upon the AuME of the product provided. Record typically offers all Currency for Return clients the choice of paying an asset-based management fee only or the alternative of management fee plus performance fee. Higher performance fee rates usually accompany lower management fee rates and vice versa. The fee combinations are structured so that Record is indifferent between them in the medium term. Performance fees are subject to a ‘high water mark’ clause that states that cumulative performance, typically since inception of the mandate, must be above the previous high point on which performance fees were charged before performance fees are charged again. Record charges similar fees for both segregated and pooled Currency for Return mandates.

Both Passive and Dynamic Hedging typically have fixed fee arrangements. Both management fees and performance fees are normally invoiced on a quarterly basis, although Record invoices management fees for some of its larger clients on a monthly basis.

As announced on 17 March 2011, we have renegotiated the fees on our largest Dynamic Hedging mandate to a tiered management fee, resulting in a net fee reduction from this client of £2.9 million on an annualised basis. This will reduce the average fee rate on Dynamic Hedging from 1 April 2011.

Table 10 - Total fee analysis (£m)

	2011	2010
Management	28.1	33.2
Performance	-	0.2
Other	0.1	-
Total	**28.2**	**33.4**

Management fees

Management fee income during the year was £28.1m (2010: £33.2m). The table below shows growth in both Hedging products, with management fee income attributable to Dynamic Hedging of £17.5m, up 22% in the period and Passive Hedging up 23% to £2.7m. The management fee income attributable to the Currency for Return product is down 52% to £7.9m.

Table 11 - Management fees by product (£m)

	2011	2010
Currency for Return - segregated	4.8	8.0
Currency for Return - pooled	3.1	8.6
Sub-Total Currency for Return	7.9	16.6
Dynamic Hedging	17.5	14.4
Passive Hedging	2.7	2.2
Total	**28.1**	**33.2**

Performance fees

There were no performance fees earned in the year compared with £0.2m in the previous year. Performance fee structures apply primarily to Currency for Return mandates. Clients may choose between management fee only structures or lower management fees with a performance fee. The balance is towards fee structures with a performance fee element for pooled funds.

Other income

Other income includes gains made on the Emerging Market product trial, losses on hedging revenues denominated in currencies other than Sterling, and foreign exchange gains, in addition to revenues from activities other than currency management.

Group Profit Share Scheme

The Group operates a Group Profit Share Scheme such that a long term average of 30% of operating profit before Group Profit Share (GPS) is made available to be awarded to employees. The Remuneration Committee has recommended that for the year ended 31 March 2011, the Group Profit Share Scheme is 30% of pre-GPS operating profit. For the year ended 31 March 2011, this represents £5.3m, a reduction of £1.7m from the previous financial year. This represents a year on year decrease of 24% compared with a 16% year on year decrease in total fee income.

Directors and senior management, who do not already own at least 2% of the issued shares in Record plc, are required to take a proportion of this remuneration in the form of shares subject to lock-up arrangements.

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

Operating margin

The operating profit for the year ended 31 March 2011 of £12.4m was £4.0m lower than the operating profit for the previous financial year (2010: £16.4m). The Group achieved an operating profit margin of 44% for the year ended 31 March 2011 (49% in 2010).

During the year ended 31 March 2011, total operating expenditure of the Group decreased by £1.3m to £15.7m. This results principally from a £1.7m reduction in the Group Profit Share Scheme, offset by a £0.5m increase in non-personnel costs. Group Profit Share (GPS) decreased in line with the reduction in Operating profit (pre-GPS). Non-personnel costs increased due to a combination of consultants, travel and professional service costs. There was no movement in personnel costs (excluding Group Profit Share Scheme) year on year.

Cash flow

The Group's ability to generate cash has remained strong, with a year end cash position of £24.7m. The year on year increase is principally due to the accelerated payment of both Group Profit Share and dividend payments in the prior year. Cash generated from operations before tax was £12.3m, with £4.1m paid in taxation and £5.7m in dividends. At 31 March 2011 the closing cash and cash equivalents was £24.7m compared with £21.9m at 31 March 2010.

Dividends

Shareholders received an interim dividend of 2.00p per share paid on 21 December 2010. The Board recommends paying a final dividend of 2.59p per share, equivalent to £5.7m. This would take the overall dividend to 4.59p per share, being an unchanged dividend on the prior year. This represents a 114% payment of profits after tax for the year ended 31 March 2011.

Subject to shareholder approval, the dividend will be paid on 3 August 2011 to shareholders on the register on 24 June 2011, the ex-dividend date being 22 June 2011. The dividend cover in the year was 0.9 (2010: 1.2).

Capital management

The Board's policy is to retain capital (being equivalent to shareholders' funds) within the business sufficient to meet continuing obligations, sustain future growth and to provide a buffer against adverse market conditions. To this end the Group has developed a financial model to assist it in forecasting future capital requirements over a four year time horizon under various scenarios. Shareholders' funds were £29.1m at 31 March 2011 (2010: £25.7m). The Group has no debt.

Regulatory environment and regulatory capital

Record Currency Management Limited (RCML) is authorised and regulated in the UK by the Financial Services Authority. RCML is registered as an Investment Adviser with the Securities and Exchange Commission in the United States. RCML is an Exempt International Adviser with the Ontario Securities Commission in the State of Ontario, Canada. RCML is approved by the Irish Financial Services Regulator to act as promoter and investment manager to Irish authorised collective investment schemes.

The Group has one UK regulated entity, RCML, on behalf of which half-yearly capital adequacy returns are filed. RCML held surplus capital resources relative to its requirements at all times during the period under review. The Group is also subject to consolidated regulatory capital requirements, whereby the Board is required to assess the degree of risk across the business, and hold sufficient capital within the Group against it.

In April 2011, the Group established a Jersey-based management company, Record Currency Management (Jersey) Limited that was authorised in April 2011 to manage Expert Funds by the Jersey Financial Services Commission.

The Group has an active risk-based approach to monitoring and managing risks used for reviewing and amending its Internal Capital Adequacy Assessment Process (ICAAP).

The Board is satisfied that the Group is adequately capitalised to continue its operations effectively given the considerable balance sheet resources maintained by the Group. At 31 March 2011, Record had Tier 1 capital of £28.1m. Further information regarding the Group's capital adequacy status can be found in the Group's Pillar 3 disclosure, which is available on our website at www.recordcm.com.

Outlook – The new financial year

The short-term plan is to focus on growth from execution only, Passive Hedging and Dynamic Hedging. There could be further attrition in the Currency for Return product following the sustained period of negative performance. Encouragingly, Record has recently been selected for a £0.5bn UK Dynamic Hedging mandate and contract discussions are underway.

Sales activity is focussed on pursuing those prospects that present an immediate opportunity for one of Record's products. The aim is to strengthen the sales team in the current financial year by the addition of a US-based sales executive.

The three new products, the FTSE FRB10 Index Fund, the Emerging Market Currency Fund and the Euro Stress Fund are all being actively marketed to clients and investment consultants. Whilst it is anticipated that new clients will be attracted to these products in the current financial year, evidence to date suggests that this will result in a gradual increase in AuME and hence a corresponding period of relatively modest management fee income from these new funds.

The project to implement the new middle and back office system is progressing towards implementation in the current financial year.

The fiscal environment will probably lead to increased interest rates in a number of developed countries in the next twelve months. A gradual return to more normal monetary conditions should be favourable to our investment strategy and the forward rate bias. If this occurs, we anticipate the resumption of positive returns from the active forward rate bias investment strategy. A sustained period of positive investment performance is likely to be a precursor for investors to consider an investment in this product.

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH

	Note	2011 £'000	2010 £'000
Revenue	3	28,196	33,424
Cost of sales		(102)	-
Gross profit		**28,094**	**33,424**
Administrative expenses		(15,740)	(16,972)
Loss on financial instruments held as part of disposal group	18	(1)	(60)
Operating profit	4	**12,353**	**16,392**
Finance income	6	184	220
Profit before tax		**12,537**	**16,612**
Taxation	7	(3,603)	(4,707)
Profit after tax		**8,934**	**11,905**
Other comprehensive income		-	-
Total comprehensive income for the year		**8,934**	**11,905**
Total comprehensive income for the year attributable to:			
Non-controlling interests		27	-
Owners of the parent		8,907	11,905

Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in pence per share)			
Basic earnings per share	8	4.03p	5.39p
Diluted earnings per share	8	4.03p	5.38p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

	Note	2011 £'000	2010 £'000	2009 £'000
Non-current assets				
Property, plant and equipment	11	227	205	368
Intangible assets	12	1,085	535	-
Deferred tax assets	14	70	143	146
		1,382	**883**	**514**
Current assets				
Trade and other receivables	15	6,904	8,325	7,742
Derivative financial assets	16	-	98	-
Cash and cash equivalents	17	24,728	21,861	29,798
		31,632	**30,284**	**37,540**
Current assets held for sale (disposal group)	18	**3,022**	**940**	**-**
Total assets		**36,036**	**32,107**	**38,054**
Current liabilities				
Trade and other payables	19	(4,089)	(3,874)	(7,076)
Corporation tax liabilities	19	(1,837)	(2,384)	(3,774)
Derivative financial liabilities	19	(12)	(149)	(13)
		(5,938)	**(6,407)**	**(10,863)**
Total net assets		**30,098**	**25,700**	**27,191**
Equity				
Issued share capital	20	55	55	55
Share premium account		1,809	1,809	1,809
Capital redemption reserve	22	20	20	20
Retained earnings		27,262	23,816	25,307
Equity attributable to owners of the parent		**29,146**	**25,700**	**27,191**
Non-controlling interest	23	952	-	-
Total equity		**30,098**	**25,700**	**27,191**

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

	Note	2011 £'000	2010 £'000	2009 £'000
Non-current assets				
Investments	13	30	30	30
		30	30	30
Current assets				
Trade and other receivables	15	-	-	3
Derivative financial assets	16	-	98	-
Cash and cash equivalents	17	50	1,077	2,018
		50	**1,175**	**2,021**
Current assets held for sale (disposal group)	18	**2,070**	**940**	**-**
Total assets		**2,150**	**2,145**	**2,051**
Current liabilities				
Trade and other payables	19	(10)	(47)	(28)
Corporation tax liabilities	19	-	(15)	(18)
		(10)	**(62)**	**(46)**
Total net assets		**2,140**	**2,083**	**2,005**
Equity				
Issued share capital	20	55	55	55
Share premium account		1,809	1,809	1,809
Capital redemption reserve	22	20	20	20
Retained earnings		256	199	121
Total equity		**2,140**	**2,083**	**2,005**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2011

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total shareholders' equity £'000
As at 1 April 2010	55	1,809	20	23,816	-	25,700
Dividends paid	-	-	-	(5,723)	-	(5,723)
Employee share options	-	-	-	262	-	262
Transactions with owners	**-**	**-**	**-**	**(5,461)**	**-**	**(5,461)**
Issue of units in funds to non-controlling interests	-	-	-	-	925	925
Profit for the year	-	-	-	8,907	27	8,934
As at 31 March 2011	**55**	**1,809**	**20**	**27,262**	**952**	**30,098**

YEAR ENDED 31 MARCH 2010

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total shareholders' equity £'000
As at 1 April 2009	55	1,809	20	25,307	-	27,191
Dividends paid	-	-	-	(13,596)	-	(13,596)
Own shares held by EBT	-	-	-	(51)	-	(51)
Employee share options	-	-	-	251	-	251
Transactions with owners	**-**	**-**	**-**	**(13,396)**	**-**	**(13,396)**
Profit for the year	-	-	-	11,905	-	11,905
As at 31 March 2010	**55**	**1,809**	**20**	**23,816**	-	**25,700**

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2011

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2010	55	1,809	20	199	2,083
Dividends paid	-	-	-	(5,723)	(5,723)
Transactions with owners	**-**	**-**	**-**	**(5,723)**	**(5,723)**
Loss for the year	-	-	-	(22)	(22)
Dividends received from subsidiaries	-	-	-	5,802	5,802
As at 31 March 2011	**55**	**1,809**	**20**	**256**	**2,140**

YEAR ENDED 31 MARCH 2010

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2009	55	1,809	20	121	2,005
Dividends paid	-	-	-	(13,596)	(13,596)
Transactions with owners	**-**	**-**	**-**	**(13,596)**	**(13,596)**
Profit for the year	-	-	-	59	59
Dividends received from subsidiaries	-	-	-	13,615	13,615
As at 31 March 2010	**55**	**1,809**	**20**	**199**	**2,083**

CONSOLIDATED STATEMENT OF CASH FLOW

YEAR ENDED 31 MARCH

	2011 £'000	2010 £'000
Profit after tax	8,934	11,905
Adjustments for:		
Corporation tax	3,603	4,707
Finance income	(184)	(220)
Depreciation of property, plant and equipment	191	250
Share-based payments expense	262	251
	12,806	**16,893**
Changes in working capital		
Decrease / (Increase) in receivables	1,418	(591)
Increase / (Decrease) in payables	214	(3,202)
Increase in other financial assets	(1,985)	(1,051)
(Decrease) / Increase in other financial liabilities	(136)	149
CASH INFLOW FROM OPERATING ACTIVITIES	**12,317**	**12,198**
Corporation taxes paid	(4,076)	(6,094)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**8,241**	**6,104**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(85)	(87)
Purchase of intangible assets	(679)	(535)
Interest received	188	229
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(576)**	**(393)**
CASH FLOW FROM FINANCING ACTIVITIES		
Cash inflow from issue of units in funds	925	-
Purchase of treasury shares	-	(52)
Dividends paid to equity shareholders	(5,723)	(13,596)
CASH OUTFLOW FROM FINANCING ACTIVITIES	**(4,798)**	**(13,648)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS IN THE YEAR	**2,867**	**(7,937)**
Cash and cash equivalents at the beginning of the year	21,861	29,798
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**24,728**	**21,861**

Closing cash and cash equivalents consists of:		
Cash at bank and in hand	24,728	21,861
	24,728	**21,861**

COMPANY STATEMENT OF CASH FLOW

YEAR ENDED 31 MARCH

	2011 £'000	2010 £'000
(Loss) / Profit after tax	(22)	59
Adjustments for:		
Corporation tax	-	16
Finance income	(4)	(15)
	(26)	60
Changes in working capital		
Increase in other financial assets	(1,032)	(1,038)
(Decrease) / Increase in payables	(37)	18
CASH OUTFLOW FROM OPERATING ACTIVITIES	**(1,095)**	**(960)**
Corporation taxes paid	(15)	(18)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(1,110)**	**(978)**
CASH FLOW FROM INVESTING ACTIVITIES		
Dividends received	5,802	13,615
Interest received	4	18
NET CASH INFLOW FROM INVESTING ACTIVITIES	**5,806**	**13,633**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid to equity shareholders	(5,723)	(13,596)
CASH OUTFLOW FROM FINANCING ACTIVITIES	**(5,723)**	**(13,596)**
NET DECREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR	**(1,027)**	**(941)**
Cash and cash equivalents at the beginning of the year	1,077	2,018
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**50**	**1,077**

Closing cash and cash equivalents consists of:		
Cash at bank and in hand	50	1,077
	50	**1,077**

Notes to the accounts for the year ended 31 March 2011

1. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(a) Accounting convention

Basis of preparation

The Group and Company have prepared their financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. IFRSs comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted in the European Union as at 31 March 2011. The financial statements have been prepared on a historical cost basis, modified to include fair valuation of derivative financial instruments.

The preparation of financial statements in accordance with the recognition and measurement principles with 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.

Adoption of International Financial Reporting Standards ('Standards')

In the current year, there were no new or revised Standards and Interpretations that have been adopted and have affected the amounts reported in these financial statements.

The following standards have been applied by the Group from 1 April 2010. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements:

- IAS 27 (Amendment) Consolidated and separate financial statements
- IFRS 2 (Amendment) Share based payments
- IASB Improvements to IFRS

The following amendments were made as part of 'Improvements to IFRS (2009)':

- Amendments to IAS 38 'Intangible Assets'
- Amendments to IFRS 8 'Operating Segments'
- Amendments to IAS 7 'Statement of Cash Flows'
- Amendments to IAS 36 'Impairment of Assets'

New Standards and Interpretations

During the course of the year, the IASB and the International Financial Reporting Interpretations Committee issued a number of new accounting standards, amendments to existing standards and interpretations. The following new standard is not applicable to these financial statements but is expected to have an impact when it becomes effective. The Group plans to apply this standard in the reporting period in which it becomes effective. IFRS 9 Financial Instruments proposes revised measurement and classification criteria for financial assets. This standard has a mandatory effective date in 2013. The Group is still assessing the impact on the Group's future financial statements.

(b) Basis of consolidation

The consolidated financial information contained within the financial statements incorporates financial statements of the Company and entities controlled by the Company (its subsidiaries) drawn up to 31 March 2011. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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 carrying values of the recognised assets and liabilities.

An Employee Benefit Trust has been established for the purposes of satisfying certain share-based awards. The Group has 'de facto' control over this special purpose entity. This trust is fully consolidated within the accounts.

The Group has investments in a number of funds where it is in a position to be able to control those funds. These funds are held by Record plc and represent seed capital investments by the Group. The funds are consolidated unless they meet the definition of a current asset held for sale, in which case they are classified and accounted for accordingly.

The accounts of subsidiary undertakings, which are prepared using uniform accounting policies, are coterminous with those of the Company apart from those of the seeded funds which have accounting reference dates of 30 September.

The Company is taking advantage of the exemption under the Companies Act 2006 s408(1) not to present its individual statement of comprehensive income and related notes that form part of the financial statements. The Group total comprehensive income for the year includes a comprehensive loss of £22,535 attributable to the Company (2010: total comprehensive income of £58,027).

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

(c) Segment reporting

The Group provides its Directors with revenue information disaggregated by product, whilst operating costs, assets and liabilities are presented on an aggregated basis because this reflects the unified basis in which the products are marketed, delivered and supported, and on that basis, the Directors consider that the Group has only one segment. The Group reports its revenues by product and by two fee structures being 'management fees' and 'performance fees'. Revenue analysis is presented in note 3.

(d) Foreign currencies

The financial statements are presented in Sterling (£), which is also the functional currency of the parent company. Foreign currency transactions are translated into the functional currency of the parent company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognised in the profit or loss.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts (see note 24 Financial risk management). The Group does not apply hedge accounting.

(e) Revenue recognition

Revenue is recognised in the statement of comprehensive income when the amount of revenue can be measured reliably; it is probable that economic benefits will flow to the entity;

the stage of completion can be measured reliably; and the costs incurred and costs to complete the transaction can be measured reliably also.

Management fees are accrued on a daily basis based upon the Assets under Management Equivalent (AuME). The Group is entitled to earn performance fees from a number of clients where the performance of the clients' assets exceeds defined benchmarks by an agreed level of outperformance over a set time period. Performance fees are recognised when the fee amount can be estimated reliably and it is probable that the fee will be received. Fees are recognised at the end of a performance period.

(f) Retirement benefits

The Group operates defined contribution pension plans for the benefit of certain employees. The Group makes contributions to independently administered plans, such contributions being recognised as an expense when they fall due. The Group has no legal or constructive obligation to make any further payments to the plans other than the contributions due.

(g) Share-based payments

The Group issues share awards to employees. Share options and deferred share awards issued under the Group Bonus Scheme and the Flotation Bonus Scheme are classified as share-based payments with cash alternatives under IFRS 2. The fair value of the debt component of the amounts payable to the employee is calculated as the cash amount 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 options or award at grant date less the cash forfeited in order to receive the share options or award. The debt component is charged to the statement of comprehensive income over the period in which the option or award is earned, the equity component is charged to the statement of comprehensive income over the vesting period of the option or award.

All other awards have been classified as equity-settled under IFRS 2. 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.

The fair value of options granted is measured at grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted. The fair value amounts for the options issued since listing on the London Stock Exchange were determined using quoted share prices. Further details on the share-based compensation plans are included in note 21.

(h) Leases

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

(i) Dividend distribution

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

(j) Property, plant and equipment

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.

- Computer equipment - 2-5 years
- Fixtures and fittings - 4 years
- Leasehold improvements - period from acquisition to next rent review

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.

(k) Intangible assets

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

- Software - 5 years

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

(l) Trade and other receivables

Trade and other receivables are stated at their original invoice value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

(m) Cash and cash equivalents

Cash and cash equivalents comprise 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.

(n) Deferred taxation

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 substantially enacted at the statement of financial position date.

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

(o) Assets classified as held for sale (disposal groups)

When the Group intends to sell a disposal group, and if sale within twelve months is highly probable, the disposal group is classified as ‘held for sale' and presented separately in the statement of financial position.

A disposal group classified as ‘held for sale' is measured at the lower of its carrying amount immediately prior to their classification as ‘held for sale' and its fair value less costs to sell. Gains and losses are recognised through profit or loss.

The Group's held for sale assets are limited to seed capital in the FTSE FRB10 Index Fund and the Emerging Market Currency Fund. As at 31 March 2010 the Group's held for sale assets were limited to seed capital in the Carry 250 Fund.

(p) Trade and other payables

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.

(q) 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.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and liabilities are measured subsequently as described below.

Financial Assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Loans and receivables;
- Financial assets at fair value through profit or loss; and
- Held for sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and trade and other receivables fall into this category of financial instruments.

Individual receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables is presented within 'other expenses'.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried at fair value with gains or losses recognised through profit or loss.

Derivative financial liabilities

The Group uses foreign exchange forward contracts to manage its foreign currency exposures.

Derivatives are initially recognised at cost on the date on which the contract is entered into unless 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.

(r) Impairment of assets

The Group typically assesses annually whether there is any indication that any of its assets have been impaired. 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.

In the case of the Group’s current assets held for sale (disposal group) which are seed investments in funds the Group assesses whether the assets have been impaired on a monthly basis. Any impairment loss is processed as described in Note 18.

(s) Taxation

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.

(t) Own shares

The Record plc Employee Benefit Trust (EBT) was formed under a Trust Deed dated 19 December 2007 to hold shares acquired under the Record plc share-based compensation plans. A total of 304,964 (2010: 586,068; 2009: 696,972) ordinary shares were held in the EBT at the reporting date. 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. The EBT is consolidated in 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. Further information regarding the Record plc share-based compensation plans and relevant transactions made during the year are included in note 21.

(u) Group and Company reserves

The share premium account records the difference between the nominal value of shares issued and the value of the consideration received. The use of the share premium account is governed by the Companies Act 2006.

Where shares have been redeemed or purchased wholly out of the Company's profits, the Companies Act 2006 requires a transfer to the capital redemption reserve equal to the amount by which the Company's issued share capital is diminished. Furthermore the provisions of the Act relating to a reduction of the Company's share capital apply as if the capital redemption reserve were paid up share capital of the Company.

(v) Non-controlling interests

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

(w) 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.

2. Critical accounting estimates and judgements

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Note 18 describes the assumptions made in classifying its seed investment in two new funds as assets held for sale. Note 21 covers the assumptions made in calculating the fair value of share options offered by the Group to its employees. The Directors have judged that the Group does not bear substantially all the risks and rewards of ownership of its leasehold premises and therefore accounts for the leases as operating leases as described in note 27.

3. Revenue

(a) Segmental analysis

The Directors, who together are the entity's Chief Operating Decision Maker, consider that its services comprise one operating segment (being the provision of currency management services) and that it operates in a market that is not bound by geographical constraints. The

Directors receive revenue analysis disaggregated by product, whilst operating costs are presented on an aggregated basis because this reflects the unified basis in which the products are marketed, delivered and supported.

(b) Product revenues

The Group has split its currency management revenues by product and fee type. The Currency for Return product is delivered through both segregated mandates and a pooled fund structure. Revenues from the two new products (Emerging Market Currency Fund and FTSE FRB10 Index Fund) are not material and have been included in the Currency for Return pooled funds revenues. Other Group activities include consultancy.

Fees	**FY11** **£'000**	**FY10** **£'000**
Dynamic Hedging		
Management fees	17,539	14,432
Performance fees	-	-
Passive hedging		
Management fees	2,718	2,211
Currency for Return segregated funds		
Management fees	4,771	8,038
Performance fees	-	-
Currency for Return pooled funds		
Management fees	3,111	8,563
Performance fees	-	224
Total management fee and performance fee income	**28,139**	**33,468**
Other Group activities	57	(44)
Total	**28,196**	**33,424**

(c) Geographical analysis

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

Other group activities form less than 1% of the total Group income. This is not considered significant and they are not analysed by geographical region.

Income by Geographical Region		
Fees	**FY11** **£'000**	**FY10** **£'000**
UK	8,440	14,885
US	13,604	10,921
Switzerland	5,343	4,568
UAE	-	720
Other	752	2,374
Total management fee and performance fee income	**28,139**	**33,468**
Other Group activities	57	(44)
Total	**28,196**	**33,424**

(d) Major clients

During the year ended 31 March 2011 £9.4m (33%) of the Group's revenue was accounted for by a single client. No other clients accounted for more than 10% of the Group's revenue during the year.

4. Operating profit

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

	FY11 **£'000**	**FY10** **£'000**
Staff costs	11,437	13,172
Depreciation of property, plant and equipment	191	250
Fees payable to the Company's auditor for the audit of the Company's annual accounts	34	33
The audit of the Company's subsidiaries, pursuant to legislation	35	34
Other services pursuant to legislation	40	71
Other services relating to taxation	12	15
Operating lease rentals: Land and buildings	202	195
Exchange gains on hedging activities	(263)	(140)
Other exchange losses	245	288

5. Staff costs

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

	FY11	**FY10**
Client Team	11	10
Research	6	6
Portfolio Management	11	9
Trading	5	5
Operations	6	7
Reporting Services	7	6
Systems	6	6
Finance, Human Resources and Legal	7	7
Administration	2	3
Compliance	2	2
Corporate	9	8
Annual Average	**72**	**69**

The Company, as opposed to the Group, had eight employees during the year (2010: seven).

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

	FY11 £'000	FY10 £'000
Wages and salaries	7,947	8,875
Social security costs	1,226	1,410
Pension costs	470	483
Equity-settled share-based payments	1,794	2,404
Aggregate payroll costs	**11,437**	**13,172**

6. Finance income

	FY11 £'000	FY10 £'000
Interest on short-term deposits	184	220

7. Taxation – Group

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

	FY11 £'000	FY10 £'000
Profit before taxation	12,537	16,612
Taxation at the standard rate of tax in the UK of 28%	3,510	4,651
Tax effects of:		
Other disallowable expenses and non-taxable income	18	13
Capital allowances for the period lower than depreciation	9	30
Lower tax rates on UK subsidiary undertakings	(8)	(9)
Adjustments recognised in current year in relation to the current tax of prior years	2	(1)
Other temporary differences	72	23
Total tax expense	**3,603**	**4,707**

At the period end the Group had deferred tax assets of £69,615 (2010: £143,991). At the balance sheet date there were earned and unearned share options not exercised and deferred share awards with an intrinsic value for tax purposes of £70,904 (2010: £350,175). The Group will be entitled to a corporation tax deduction in respect of the difference between the exercise price and the strike price upon the vesting of these shares.

The standard rate of corporation tax in the UK is 28% (2010: 28%). A full corporation tax computation is prepared at the year end. The actual charge as a percentage of the profit before tax may differ from the underlying tax rate. Differences typically arise as a result of capital allowances differing from depreciation charged, and certain types of expenditure not being deductible for tax purposes, other differences may also arise.

The tax charge for the year ended 31 March 2011 was £3,603,466 (2010: £4,706,573) which was 28.8% of profit before tax (2010: 28.3%).

8. Earnings per share

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

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

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

	FY11	**FY10**
Weighted average number of shares used in calculation of basic earnings per share	220,965,275	220,668,098
Effect of dilutive potential ordinary shares – share options	306,347	416,830
Weighted average number of shares used in calculation of diluted earnings per share	221,271,622	221,084,928
	pence	**pence**
Basic earnings per share	4.03	5.39
Diluted earnings per share	4.03	5.38

The potential dilutive shares relate to the share options and deferred share awards granted in respect of three of the Group's incentive schemes i.e. the Group Bonus Scheme, the Flotation Bonus Scheme and the Share Scheme. There were share options and deferred share awards in place at the beginning of the period over 586,068 shares. During the year options were exercised, or share awards vested, over 281,104 shares. The Group did not grant any deferred share awards with a potentially dilutive effect during the year.

9. Dividends

The dividends paid by the Group during the year ended 31 March 2011 totalled £5,722,996 (2.59p per share), of which £4,420,307 (2.00p per share) was the interim dividend paid in respect of the year ended 31 March 2011 and £1,302,689 (0.59p per share) was the final dividend paid in respect of the year ended 31 March 2010. The dividends paid during the year ended 31 March 2010 totalled £13,595,519 (6.16p per share), of which £8,828,748 (4.00p per share) was the sum of the two interim dividends paid in respect of the year ended 31 March 2010 and £4,766,771 (2.16p per share) was the final dividend paid in respect of the year ended 31 March 2009.

10. Retirement benefit obligations

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £470,667 (2010: £482,908).

11. Property, plant and equipment – Group

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

2011	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2010	529	682	278	1,489
Additions	5	79	1	85
Disposals	-	(3)	-	(3)
Transfers	-	129	-	129
At 31 March 2011	534	887	279	1,700
Depreciation				
At 1 April 2010	430	623	231	1,284
Charge for the year	104	55	32	191
Disposals	-	(2)	-	(2)
At 31 March 2011	534	676	263	1,473
Net book amounts				
At 31 March 2011	-	211	16	227
At 1 April 2010	99	59	47	205

2010	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2009	506	640	269	1,415
Additions	23	55	9	87
Disposals	-	(13)	-	(13)
At 31 March 2010	529	682	278	1,489
Depreciation				
At 1 April 2009	315	560	172	1,047
Charge for the year	115	76	59	250
Disposals	-	(13)	-	(13)
At 31 March 2010	430	623	231	1,284
Net book amounts				
At 31 March 2010	99	59	47	205
At 1 April 2009	191	80	97	368

2009	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2008	483	628	253	1,364
Additions	23	81	16	120
Disposals	-	(69)	-	(69)
At 31 March 2009	506	640	269	1,415
Depreciation				
At 1 April 2008	212	426	115	753
Charge for the year	103	203	57	363
Disposals	-	(69)	-	(69)
At 31 March 2009	315	560	172	1,047
Net book amounts				
At 31 March 2009	191	80	97	368
At 1 April 2008	271	202	138	611

The Company has no property, plant and equipment as at 31 March 2011 (2010: nil; 2009: nil).

12. Intangible assets

2011	Software £'000	Total £'000
Cost		
At 1 April 2010	535	535
Additions	679	679
Disposals	-	-
Transfers	(129)	(129)
At 31 March 2011	1,085	1,085
Amortisation		
At 1 April 2010	-	-
Charge for the year	-	-
Disposals	-	-
At 31 March 2011	-	-
Net book amounts		
At 31 March 2011	1,085	1,085
At 1 April 2010	535	535

The Group's intangible assets comprise acquired software only. The carrying amounts can

2010	Software £'000	Total £'000
Cost		
At 1 April 2009	-	-
Additions	535	535
Disposals	-	-
At 31 March 2010	535	535
Amortisation		
At 1 April 2009	-	-
Charge for the year	-	-
Disposals	-	-
At 31 March 2010	-	-
Net book amounts		
At 31 March 2010	535	535
At 1 April 2009	-	-

be analysed as follows:

As at 31 March 2011 the Group is in the testing stage of implementation of a new back office software project. Amortisation of the capitalised development costs will commence from the date that the project is completed (expected in the current financial year). The estimated useful economic life of the completed software is five years. During the prior year, the Group entered into an agreement to develop a back office operating system and to operate and support this system for five years. Minimum contractual commitments resulting from this agreement are £1,523,750 payable from 2010 through to 2014. All amortisation charges are included within administrative expenses.

The Group had no intangible assets in the year ending 31 March 2009.

13. Investments

Company	31-Mar-11 £'000	31-Mar-10 £'000	31-Mar-09 £'000
Investment in subsidiaries (at cost)			
Record Currency Management Limited	10	10	10
Record Group Services Limited	10	10	10
Record Portfolio Management Limited	10	10	10
Record Fund Management Limited	-	-	-
N P Record Trustees Limited	-	-	-
	30	30	30

Particulars of subsidiary undertakings

Name	Nature of Business
Record Currency Management Limited	Currency management services
Record Group Services Limited	Management services to other Group undertakings
Record Portfolio Management Limited	Dormant
Record Fund Management Limited	Dormant
N P Record Trustees Limited	Trust company

The Group's interest in the equity capital of subsidiary undertakings is 100% of the ordinary share capital in all cases. All subsidiary undertakings are incorporated in England and Wales and have a reporting date of 31 March.

14. Deferred taxation – Group

	31-Mar-11	31-Mar-10	31-Mar-09
	£'000	£'000	£'000
Profit and loss account movement arising during the year	(73)	(3)	100
Asset brought forward	143	146	46
Asset carried forward	70	143	146

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

	31-Mar-11	31-Mar-10	31-Mar-09
	£'000	£'000	£'000
Deferred tax allowance on unvested share options	18	101	103
Excess of taxation allowances over depreciation on fixed assets	52	42	43
	70	143	146

At the year end the Group had deferred net tax assets of £69,615 (2010: £143,992; 2009: £146,598) including provision for share options not exercised with an intrinsic value for tax purposes of £70,904 (2010: £350,175; 2009: £460,002). 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 other unprovided deferred taxation.

15. Trade and other receivables

	Group			Company		
	31-Mar-11 £'000	**31-Mar-10 £'000**	**31-Mar-09 £'000**	**31-Mar-11 £'000**	**31-Mar-10 £'000**	**31-Mar-09 £'000**
Trade receivables	6,264	7,697	7,026	-	-	-
Other receivables	4	33	36	-	-	3
Prepayments	636	595	680	-	-	-
	6,904	**8,325**	**7,742**	**-**	**-**	**3**

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. All of the Group's trade and other receivables have been reviewed for indicators of impairment; no such indicators were noted. The carrying amount of receivables whose terms have been renegotiated, that would otherwise be past due or impaired is £nil (2010: £nil; 2009: £nil).

16. Derivative financial assets

The Group trialled a new product in emerging markets from November 2009 until January 2011, managing a portfolio of forward exchange contracts in order to achieve a return. These contracts were classified as financial assets held for trading. At 31 March 2011 there were no outstanding contracts (at 31 March 2010 there were outstanding contracts with a principal value of £3,195,836; 2009: £nil). The fair value of the contracts was calculated using the market forward contract rates prevailing at the period end date. The maximum exposure to credit risk was represented by the fair value of the positions and this was mitigated by using cash deposited of £1m as collateral. Further detail including sensitivity analysis on the fair value of outstanding contracts is contained in note 24.

	Group			Company		
	31-Mar-11 £'000	**31-Mar-10 £'000**	**31-Mar-09 £'000**	**31-Mar-11 £'000**	**31-Mar-10 £'000**	**31-Mar-09 £'000**
Forward foreign exchange contracts held for trading	-	98	-	-	98	-

The net gain on forward exchange contracts at fair value is included in other income. The net gain on financial assets is as follows:

	Group			Company		
	31-Mar-11 £'000	**31-Mar-10 £'000**	**31-Mar-09 £'000**	**31-Mar-11 £'000**	**31-Mar-10 £'000**	**31-Mar-09 £'000**
Net gain on forward exchange contracts at fair value through profit or loss	2	119	-	2	119	-

17. Cash and cash equivalents

	Group			Company		
	31-Mar-11 £'000	**31-Mar-10 £'000**	**31-Mar-09 £'000**	**31-Mar-11 £'000**	**31-Mar-10 £'000**	**31-Mar-09 £'000**
Cash at bank and in hand – Sterling	24,691	21,804	29,729	50	1,077	2,018
Cash at bank and in hand – other currencies	37	57	69	-	-	-
	24,728	**21,861**	**29,798**	**50**	**1,077**	**2,018**

The Group holds short-term deposits that are made for varying periods, depending on the cash requirements of the Group. From November 2009 until January 2011, the Group also deposited cash as collateral against the forward exchange contracts used in the trialling of its new product. As at 31 March 2011 there was no deposit held as collateral in this respect (2010: £1,022,578, 2009: £nil). These deposits earn interest at market short-term deposit rates. The Group has unrestricted access to these deposits which meet the definition of a cash equivalent.

18. Current assets held for sale (disposal group)

From time to time, the Group injects capital into funds operated by the Group to launch or trial new products (seed capital). The Group invested £1,004,000 in the Record Currency FTSE FRB10 Index Fund and a further £1,000,000 in the Record Currency Emerging Market Currency Fund. In both cases, the only other investor in the fund is Neil Record, a Director of Record plc. In accordance with SIC-12 and IAS 27, such funds are considered to be under control of the Group and as such the fund becomes a subsidiary of the Group.

The Group consolidates the assets of its subsidiaries on a line by line basis, but as the Group is actively seeking to reduce its holding in the fore-mentioned funds within twelve months through the sale of further units in these funds to external investors and the subsequent redemption of Record's own investment, the investments in the funds are classified as being a disposal group held for sale as it is considered highly probable that the funds will not remain under the control of the Group one year after the original investment was made.

If the Group still retains control of the funds after this time, the funds will cease to be classified as held for sale and will be consolidated in full. The Group was previously invested in the Record Currency Fund Carry 250, and this was also accounted for as a disposal group held for sale on the same basis.

	Group			Company		
	31-Mar-11 £'000	**31-Mar-10 £'000**	**31-Mar-09 £'000**	**31-Mar-11 £'000**	**31-Mar-10 £'000**	**31-Mar-09 £'000**
Seed capital classified as being a disposal group held for sale	3,022	940	-	2,070	940	-

The Euro Stress Fund was not seeded until after year end and is therefore not included in the amounts provided in the table above.

The underlying assets of the funds are cash deposits, and forward exchange contracts with tenors of three months or shorter which are accounted for as derivatives measured at fair value through profit or loss under IAS 39.

The net loss on financial instruments held as part of a disposal group is as follows:

	Group			Company		
	31-Mar-11 £'000	31-Mar-10 £'000	31-Mar-09 £'000	31-Mar-11 £'000	31-Mar-10 £'000	31-Mar-09 £'000
Net loss on financial instruments held as part of disposal group	1	60	-	28	60	-

The net loss on financial instruments held as part of disposal group suffered by the Group includes a gain of £26,717 attributable to non-controlling interests.

19. Current liabilities

Amounts falling due within one year

	Group			Company		
	31-Mar-11 £'000	31-Mar-10 £'000	31-Mar-09 £'000	31-Mar-11 £'000	31-Mar-10 £'000	31-Mar-09 £'000
Trade payables	580	457	130	-	-	-
Amounts owed to Group undertaking	-	-	-	10	47	28
Other payables	279	562	760	-	-	-
Other tax and social security	364	1,957	442	-	-	-
Accruals and deferred income	2,866	898	5,744	-	-	-
	4,089	**3,874**	**7,076**	**10**	**47**	**28**

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

Current tax liabilities

	Group			Company		
	31-Mar-11 £'000	31-Mar-10 £'000	31-Mar-09 £'000	31-Mar-11 £'000	31-Mar-10 £'000	31-Mar-09 £'000
Corporation tax	1,837	2,384	3,774	-	15	18

Derivative financial liabilities

The Group uses forward exchange contracts to reduce the risk associated with sales denominated in foreign currencies. At 31 March 2011 there were outstanding contracts with a principal value of £4,361,326 (2010: £4,710,619) 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 2011. Further detail including sensitivity analysis on the fair value of outstanding contracts is contained in note 24.

	Group		
	31-Mar-11 £'000	**31-Mar-10 £'000**	**31-Mar-09 £'000**
Forward foreign exchange contracts	12	149	13

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

	Group		
	31-Mar-11 £'000	**31-Mar-10 £'000**	**31-Mar-09 £'000**
Net gain or (loss) on fair value through profit or loss	263	140	(782)

20. Called up share capital

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

	2011		**2010**		**2009**	
	£'000	**Number**	**£'000**	**Number**	**£'000**	**Number**
Authorised Ordinary shares of 0.025p each	100	400,000,000	100	400,000,000	100	400,000,000
Called up, allotted and fully paid Ordinary shares of 0.025p each	55	221,380,800	55	221,380,800	55	221,380,800

Changes to the issued share capital

	£'000	Number
As at 1 April 2007	**55**	**549,550**
Exercise of share options		
'A' ordinary shares issued	-	3,902
Conversion of 'A' ordinary shares to ordinary shares		
Ordinary shares of 10p each	15	150,485
'A' ordinary shares of 10p each	(15)	(150,485)
Ordinary shares of 10p each	**55**	**553,452**
400 to 1 Split of ordinary shares		
Ordinary shares of 0.025p each	55	221,380,800
Adjustment for own shares held by EBT	-	(168,287)
As at 31 March 2008	55	221,212,513
Adjustment for own shares held by EBT	-	(528,685)
As at 31 March 2009	55	220,683,828
Adjustment for own shares held by EBT	-	110,904
As at 31 March 2010	55	220,794,732
Adjustment for own shares held by EBT	-	281,104
As at 31 March 2011	**55**	**221,075,836**

The two classes of share authorised as at 1 April 2007 ranked pari passu in all respects save that the 'A' ordinary shares were subject to a mandatory transfer upon the termination of the shareholder's employment. On 23 August 2007, a resolution was passed with the effect that all issued and unissued 'A' ordinary shares were converted to ordinary shares. On 15 November 2007, a resolution was passed with the effect that on admission to the main market for listed securities of the London Stock Exchange, all issued and unissued ordinary shares of 10p were each split into 400 ordinary shares of 0.025p.

The Group has established an Employee Benefit Trust (EBT) to hold shares to be used to meet future liabilities relating to the Group's 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. As at 31 March 2011, the EBT held 304,964 ordinary shares of 0.025p in Record plc (2010: 586,068).

21. Share-based payments

During the year ended 31 March 2011 the Group has managed the following share-based compensation plans:

The Record plc Group Bonus Scheme

The Record plc Group Bonus Scheme (GBS) was adopted by the company on 1 November 2007. On 30 July 2009 it was amended and became the Record plc Group Profit Share Scheme. Under the terms of the scheme rules, certain employees of the company could elect to receive a proportion of their bonus in the form of a deferred share award. The number of shares is calculated based on the residual bonus divided by the market value of the shares at grant date. The shares are available to the employee after the vesting period for nil consideration upon exercise. The Group simultaneously granted additional rights to acquire shares (‘bonus’ shares; equal to 20% of the shares elected for) to those same employees. Elected shares vest in two equal tranches on each of the first and second anniversary of the date of grant and bonus shares will vest in full only after two years. The vesting of the shares is subject to continued employment or having left as a good leaver. The final vesting of shares under this scheme will occur in June 2011 and no further awards will be made.

The Record plc Group Profit Share Scheme

The Record plc Group Bonus Scheme (GBS) was amended with the approval of a general meeting of the Company's members on 30 July 2009 and became the Record plc Group Profit Share Scheme. Under the terms of the scheme rules, employees and Directors of the company may elect to receive a proportion of their profit share in the form of a share award, with the exception of certain employees and Directors deemed significant shareholders who must receive their profit share in cash. The scheme is being modified such that all senior managers irrespective of their shareholding in the Company will be required to receive at least one third of their profit share in the form of shares. 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. Other employees receive two thirds of their profit share in cash and may elect to receive the final third as cash only or to allocate some or all of the amount for the purchase of Additional Shares.

If an individual elects to receive Additional Shares, the Group simultaneously awards a Matching Share value amount using a multiple decided by the Remuneration Committee. The multiple for Directors and senior employees was 1.0 for the first half year, increasing to 1.2 for the second half year. The multiple was 0.2 for the whole year for other employees. The number of shares is determined by the post-tax cash attributed to Earned Shares plus Additional Shares plus Matching Shares divided by the aggregate market value achieved on the purchase of all such shares in the market. All shares the subject of share awards are transferred immediately to a nominee. None of these shares are subject to any vesting or forfeiture provisions and the individual is entitled to full rights in respect of the shares purchased. No such shares can be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee except as follows:

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

The Record plc Share Scheme

The Record plc Share Scheme was adopted by the company on 1 August 2008. During the year ended 31 March 2009 two new senior employees were granted deferred share awards upon appointment. The number of shares for each employee was calculated based on £200,000 divided by the market price of one Record plc ordinary share on the day of appointment (or on the first business day after a close period, if the appointment occurred within a close period). The shares are available to the employee after the vesting period for nil consideration upon exercise. The shares vest equally on the second, third and fourth anniversary of appointment. The vesting of the shares is subject to continued employment (or at the Remuneration Committee’s discretion, having become a good leaver). The rights to acquire the shares are issued under nil cost option agreements. It is intended to amend the Share Scheme to enable it to provide tax-approved awards to employees of Record plc or its subsidiaries

Share-based payment transactions with cash alternatives

Deferred share awards granted under the Record plc Group Bonus Scheme, the Record plc Group Profit Share Scheme and options granted under the Record plc Flotation Bonus

Scheme are accounted for under IFRS 2 as share-based payment transactions with cash alternatives.

Equity-settled share-based payments

Deferred share awards granted under the Record plc Share Scheme are accounted for under IFRS 2 as equity-settled share-based payment transactions.

At 31 March 2011, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 304,964 (2010: 586,068; 2009: 696,972). These deferred share awards and options are over issued shares held in an Employment Benefit Trust. Details of outstanding share options and deferred shares awarded to employees are set out below:

Date of grant	**At 01/04/10**	**Granted**	**Exercised**	**At 31/03/11**	**Exercise / vesting date: From**	**Exercise / vesting date: To**	**Exercise price**
Record plc Share Scheme							
04/08/08	170,245	-	(56,749)	113,496	04/08/2010	04/08/2012	£0.00
01/09/08	215,053	-	(71,685)	143,368	01/09/2010	01/09/2012	£0.00
Total options	**385,298**	**-**	**(128,434)**	**256,864**			
Weighted average exercise price of options	**£nil**	**£nil**	**£nil**	**£nil**			

The weighted average exercise price of all outstanding options at the beginning of the year was £nil.

During the year shares vested on 4 August 2010 and 1 September 2010; the first anniversary of the respective scheme above. The share price at each vesting date was £0.46 and £0.42 per share respectively.

Date of grant	**At 01/04/10**	**Granted**	**Vested**	**At 31/03/11**	**Vesting date: From**	**Vesting date: To**
Record plc Group Bonus Scheme						
20/06/08	57,838	-	(57,838)	-	20/06/2009	20/06/2010
28/11/08	60,472	-	(60,472)	-	28/11/2009	28/11/2010
30/06/09	82,460	-	(34,360)	48,100	30/06/2010	30/06/2011
Total deferred share awards	**200,770**	**-**	**(152,670)**	**48,100**		

During the year shares vested on 20 June 2010 and 28 November 2010; the final vesting for the first two grant dates listed above. The share price at each vesting date was £0.53 and £0.41 per share respectively. Shares also vested on 30 June 2010; the first anniversary for the final grant date listed above. The share price at vesting date was £0.52 per share.

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

	Ordinary shares held as at	
	31 March 2011	31 March 2010
Record plc Group Profit Share Scheme		
James Wood-Collins	369,403	190,273
Paul Sheriff *	445,109	231,033
Record plc Share Scheme		
James Wood-Collins	113,496	170,245

* As permitted by the scheme rules, these shares are held in the name of the Director's spouse

There were no performance measures attached to vesting conditions in any of the schemes.

Fair values of share-based compensation plans

The fair value amounts for the options issued since Admission were determined using quoted share prices, which was a fair representation of fair value at the grant date.

22. Capital redemption reserve

The Group has bought in a total of 202,072 ordinary shares of 10p for cancellation. The buy-ins occurred in five tranches, all occurring prior to the share split.

March 2001	66,553 ordinary shares of 10p
April 2004	36,357 ordinary shares of 10p
February 2005	50,000 ordinary shares of 10p
October 2005	24,581 ordinary shares of 10p
December 2005	24,581 ordinary shares of 10p

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.

23. Non-controlling interest

Neil Record has purchased units in both the Record Currency FTSE FRB10 Index Fund and Record Currency Emerging Market Currency Fund. As at 31 March 2011 the mark to market value of his holding in Record Currency FTSE FRB10 Index Fund was £510,250 (2010: £nil) and the mark to market value of his holding in Record Currency Emerging Market Currency Fund was £442,004 (2010: £nil). Record plc has the majority holding in both funds which are accounted for as current assets held for sale. Neil Record who is the Chairman of Record plc represents the only non-controlling interest (see note 18).

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, cash and cash equivalents and investments in seed products. Financial liabilities comprise trade and other payables and derivative financial liabilities. The main risks arising from financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk each of which is discussed in further detail below. The Group monitors and mitigates financial risk on a consolidated basis and therefore separate disclosures for the Company have not been included.

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

Credit risk

Record plc's Risk Management Committee has established a credit risk policy to ensure that it only trades with counterparties that meet requirements consistent with the Group's agreed risk appetite. The Chief Financial Officer is responsible for reviewing the Group's credit exposure and ensuring that any credit concerns are raised to the Risk Management Committee and that action is taken to mitigate these risks.

The Group invests some of its surplus funds in high quality liquid market instruments. Such investments have a maturity no greater than three months. To reduce the risk of counterparty default the Group deposits the rest of its surplus funds in approved high quality banks; the financial institutions involved have high credit ratings assigned by international credit agencies. The Group operates a policy of restricting its exposure to any single bank to a maximum of £10m.

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

Financial assets at 31 March	**2011** **£'000**	**2010** **£'000**	**2009** **£'000**
Trade receivables	6,264	7,697	7,026
Other receivables	4	33	36
Held for sale financial assets (disposal group)	3,022	940	-
Other financial assets at fair value through profit or loss	-	98	-
Cash and cash equivalents	24,728	21,861	29,798
	34,018	**30,629**	**36,860**

The debtors' age analysis is also evaluated on a regular basis for potential doubtful debts. It is management's opinion that no provision for doubtful debts is required. The table below is an analysis of financial assets by due date:

At 31 March 2011	**Carrying amount** **£'000**	**Neither impaired nor past due** **£'000**	**0-3 months past due** **£'000**	**More than 3 months past due** **£'000**
Trade receivables	6,264	6,270	-	(6)

At 31 March 2010	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	7,697	7,697	-	-

At 31 March 2009	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	7,026	6,700	326	-

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

Trade receivables are made up of 39 debtors' balances (2010: 44; 2009: 57). The largest individual debtor corresponds to 37% of the total balance (2010: 33%; 2009: 21%). The average age of these debtors, based on the generally accepted calculation of debtor days, is 81 days (2010: 84; 2009: 54) although this ignores the quarterly billing cycle used by the Group for the vast majority of its fees. Historically these debtors have always paid balances when due. 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 meet these 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 16 days (2010: 16 days; 2009: 14 days).

Contractual maturity analysis for financial liabilities:

At 31 March 2011	Due or due in less than 1 month £'000	Due between 1 to 3 months £'000	Due between 3 months to 1 year £'000
Trade and other payables	1,223	-	-

At 31 March 2010	Due or due in less than 1 month £'000	Due between 1 to 3 months £'000	Due between 3 months to 1 year £'000
Trade and other payables	2,976	-	-

At 31 March 2009	Due or due in less than 1 month £'000	Due between 1 to 3 months £'000	Due between 3 months to 1 year £'000
Trade and other payables	1,332	-	-

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities used by the Group. Interest bearing assets comprise trade receivables 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.

At 31 March 2011	Fixed rate £'000	Floating rate £'000	Not directly exposed to interest rate £'000	Total £'000
Financial assets				
Trade and other receivables	-	-	6,268	6,268
Financial assets at fair value	-	-	3,022	3,022
Cash and cash equivalents	23,956	772	-	24,728
Total financial assets	**23,956**	**772**	**9,290**	**34,018**
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	-	(12)	(12)
Trade and other payables	-	-	(1,223)	(1,223)
Total financial liabilities	**-**	**-**	**(1,235)**	**(1,235)**

At 31 March 2010	Fixed rate £'000	Floating rate £'000	Not directly exposed to interest rate £'000	Total £'000
Financial assets				
Trade and other receivables	-	-	7,730	7,730
Financial assets at fair value	-	-	1,038	1,038
Cash and cash equivalents	19,299	2,562	-	21,861
Total financial assets	**19,299**	**2,562**	**8,768**	**30,629**
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	-	(149)	(149)
Trade and other payables	-	-	(2,976)	(2,976)
Total financial liabilities	**-**	**-**	**(3,125)**	**(3,125)**

At 31 March 2009	Fixed rate £'000	Floating rate £'000	Not directly exposed to interest rate £'000	Total £'000
Financial assets				
Trade and other receivables	-	-	7,062	7,062
Cash and cash equivalents	26,828	2,970	-	29,798
Total financial assets	**26,828**	**2,970**	**7,062**	**36,860**
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	-	(13)	(13)
Trade and other payables	-	-	(1,332)	(1,332)
Total financial liabilities	**-**	**-**	**(1,345)**	**(1,345)**

Interest rate exposure and sensitivity analysis

			If interest rates were 0.5% higher		If interest rates were 0.5% lower	
At 31 March 2011	**Carrying Amount £'000**	**Average interest rate %**	**Profit for the year £'000**	**Equity £'000**	**Profit for the year £'000**	**Equity £'000**
Cash and cash equivalents	24,728	0.77	9,015	30,208	8,798	29,991

			If interest rates were 0.5% higher		If interest rates were 0.5% lower	
	Carrying Amount	Average interest rate	Profit for the year	Equity	Profit for the year	Equity
At 31 March 2010	**£'000**	**%**	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	21,861	0.88	12,035	25,782	11,868	25,614

			If interest rates were 0.5% higher		If interest rates were 0.5% lower	
	Carrying Amount	Average interest rate	Profit for the year	Equity	Profit for the year	Equity
At 31 March 2009	**£'000**	**%**	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	29,798	3.97	19,368	27,284	19,181	27,097

The average rate is calculated as the weighted average effective interest rate. The tables above show the level of profit and equity after tax if interest rates had been 0.5% higher or lower with all other variables held constant. A sensitivity of 0.5% has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates.

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 exchange contracts to manage the risk relating to future transactions in accordance with the Group's risk management policy. The fair value of the forward contracts at 31 March 2011 was a liability of £12,434 (2010: £148,855; 2009: £12,758). Gains on the forward exchange contracts were £262,849 in the year (2010: gain of £140,466; 2009: loss of £782,627). The future transactions related to the forward exchange contracts are expected to occur within the next three months. Changes in the fair values of forward exchange contracts are recognised directly in profit or loss.

The Company is exposed to foreign currency risks on sales and cash holdings that are denominated in a currency other than Sterling. The principal currencies giving rise to this risk are primarily the US Dollar, the Swiss Franc, the Euro and the Canadian Dollar.

In the year ended 31 March 2011, the Group invoiced the following amounts in currencies other than Sterling:

	Local currency value '000	Value in reporting currency £'000
US Dollar (USD)	23,643	15,167
Swiss Franc (CHF)	5,909	3,837
Euro (EUR)	625	396
Canadian Dollar (CAD)	464	389
Total		**19,789**

The value of revenues for the year ended 31 March 2011 that were denominated in currencies other than Sterling was £19.8 million (70% of total revenues). For the year ended 31 March 2010: £18.7m (56% of total revenues).

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

Foreign currency risk - sensitivity analysis

	Profit for the year		Equity	
	2011 £'000	**2010 £'000**	**2011 £'000**	**2010 £'000**
10% weakening in the £/$ exchange rate	**10,406**	12,684	**31,615**	26,432
10% strengthening in the £/$ exchange rate	**7,372**	11,353	**28,581**	25,101
10% weakening in the £/CHF exchange rate	**9,273**	12,181	**30,482**	25,929
10% strengthening in the £/CHF exchange rate	**8,505**	11,765	**29,714**	25,513
10% weakening in the £/CAD$ exchange rate	**8,929**	11,985	**30,138**	25,733
10% strengthening in the £/CAD$ exchange rate	**8,849**	11,925	**30,058**	25,673
10% weakening in the £/€ exchange rate	**8,928**	12,005	**30,137**	25,753
10% strengthening in the £/€ exchange rate	**8,850**	11,909	**30,059**	25,657

Sterling/US Dollar exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the average Sterling/USD exchange rate of $1.559/£ this would result in a weakened exchange rate of $1.417/£ and a strengthened exchange rate of $1.732/£. This range is considered reasonable given the historic changes that have been observed.

Sterling/Swiss Franc exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the average Sterling/CHF exchange rate of CHF1.540/£ this would result in a weakened exchange rate of CHF1.400/£ and a strengthened exchange rate of CHF1.711/£. This range is considered reasonable given the historic changes that have been observed.

Sterling/Canadian Dollar exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the average Sterling/CAD exchange rate of CAD$1.578/£ this would result in a weakened exchange rate of CAD$1.434/£ and a strengthened exchange rate of CAD$1.754/£. This range is considered reasonable given the historic changes that have been observed.

Sterling/Euro exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movement. When applied to the average Sterling/Euro exchange rate of €1.193/£ this would result in a weakened exchange rate of €1.084/£ and a strengthened exchange rate of €1.325/£. This range is considered reasonable given the historic changes that have been observed.

FTSE FRB10 Index Fund

The Group has seeded a new product, which is a fund that tracks the FTSE Currency FRB10 Index by holding a portfolio of developed market currency deliverable forward exchange contracts. The value of the Group's investment as at 31 March 2011 was £1,485,369. The investment is recognised as an asset held for sale and as such, all gains and losses are recognised through profit or loss. The Group has provided the following data in respect of sensitivity to this index. As the fund started in December 2010, no comparative data is provided.

	Profit for the year ended 31 March 2011	**Total equity as at 31 March 2011**
	£'000	**£'000**
10% depreciation in the FTSE Currency FRB10 Index	8,640	29,831
10% appreciation in the FTSE Currency FRB10 Index	9,174	30,365

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

Emerging markets currencies

The Group has seeded a new fund, the Record Currency - Emerging Market Currency Fund, which manages a portfolio of emerging market currency deliverable forward exchange contracts and emerging market currency non-deliverable forward exchange contracts in order to achieve a return. The value of the Group's investment as at 31 March 2011 was £1,537,178. The investment is recognised as an asset held for sale and as such, all gains and losses are recognised through profit or loss. The Group has provided the following data in respect of sensitivity to this portfolio. As the fund started in December 2010, no comparative data is provided.

	Profit for the year ended 31 March 2011	Total equity as at 31 March 2011
	£'000	£'000
20% depreciation in the Emerging Market portfolio	8,582	29,793
20% appreciation in the Emerging Market portfolio	9,196	30,407

The impact of a change to the portfolio value of 20% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and expectations for future movement in emerging markets.

25. Additional financial instruments disclosures

Financial instruments measured at fair value

IFRS 7 (Improving Disclosures about Financial Instruments), requires the Group to present certain information about financial instruments measured at fair value in the statement of financial position.

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

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant 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:

		2011	Level 1	Level 2	Level 3
	Note	£'000	£'000	£'000	£'000
Financial instruments at fair value through profit or loss					
Forward foreign exchange contracts used for hedging	a	(12)	-	(12)	-
Assets held for sale (disposal group)	b	3,022	-	3,022	-
		3,010	**-**	**3,010**	**-**

		2010	Level 1	Level 2	Level 3
	Note	**£'000**	**£'000**	**£'000**	**£'000**
Financial instruments at fair value through profit or loss					
Forward foreign exchange contracts used for product trial	a	98	-	98	-
Forward foreign exchange contracts used for hedging	a	(149)	-	(149)	-
Assets held for sale (disposal group)	b	940	-	940	-
		889	**-**	**889**	**-**

There have been no transfers between levels in the reporting period (2010: none).

Basis for classification of financial instruments within the fair value hierarchy

(a) Forward foreign exchange contracts

Forward foreign exchange contracts are classified as level 2. Although these instruments are traded on an active market, the fair value of forward foreign exchange contracts is established using interpolation of observable market data rather than from a quoted price. All forward foreign exchange contracts are strictly short term in duration.

(b) Held for sale investments

Record plc has invested in two new funds, the Record Currency - FTSE FRB10 Index Fund which is priced daily and the Record Currency - Emerging Market Currency Fund which is priced fortnightly. However, the funds are not actively traded and, according to the Directors' interpretation of the standard, the investments in the funds are most appropriately categorised as level 2.

Classes and fair value of financial instruments

Financial assets

	2011		2010		2009	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Assets held for sale	3,022	3,022	940	940	-	-
Derivative financial instruments at fair value through profit or loss	-	-	98	98	-	-
Cash and cash equivalents	24,728	24,728	21,861	21,861	29,798	29,798

Financial liabilities

	2011		2010		2009	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Derivative financial instruments at fair value through profit or loss	12	12	149	149	13	13

It is the Directors' opinion that the carrying value of trade receivables and trade payables approximates to their fair value.

Categories of financial instrument

	Note	Loans and receivables	Financial liabilities measured at amortised cost	Assets at fair value through profit or loss	Derivatives used for hedging	Held for sale
At 31 March 2011		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Disposal group	18	-	-	-	-	3,022
Trade and other receivables (excludes prepayments)	15	6,268	-	-	-	-
Cash and cash equivalents	17	24,728	-	-	-	-
Other financial instruments at fair value through profit or loss	19	-	-	-	(12)	-
Current trade and other payables	19	-	(3,060)	-	-	-
		30,996	(3,060)	**-**	**(12)**	**3,022**

	Note	Loans and receivables	Financial liabilities measured at amortised cost	Assets at fair value through profit or loss	Derivatives used for hedging	Held for sale
At 31 March 2010		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Disposal group	18	-	-	-	-	940
Trade and other receivables (excludes prepayments)	15	7,730	-	-	-	-
Cash and cash equivalents	17	21,861	-	-	-	-
Other financial instruments at fair value through profit or loss	16, 19	-	-	98	(149)	-
Current trade and other payables	19	-	(5,360)	-	-	-
		29,591	(5,360)	**98**	**(149)**	**940**

	Note	Loans and receivables	Financial liabilities measured at amortised cost	Assets at fair value through profit or loss	Derivatives used for hedging	Held for sale
At 31 March 2009		**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade and other receivables (excludes prepayments)	15	7,062	-	-	-	-
Cash and cash equivalents	17	29,798	-	-	-	-
Other financial instruments at fair value through profit or loss	19	-	-	-	(13)	-
Current trade and other payables	19	-	(5,106)	-	-	-
		36,860	(5,106)	**-**	**(13)**	**-**

26. Contingent liabilities

The Company, together with its subsidiary undertakings, had given a cross guarantee in respect of certain indebtedness of the Group. The amount of such indebtedness at 31 March 2011 was £nil (2010: £nil). The cross guarantee was released on 30 March 2010.

27. Operating lease commitments

On 25 January 2006, the Group signed a lease on new premises at Morgan House, Madeira Walk, Windsor, Berkshire. This lease expires on 19 June 2016. The annual commitment under this lease is £229,710 (2010: £229,710). The Group has retained its lease on the premises at 32 Peascod Street, Windsor, Berkshire which has a commitment of £86,000 per annum (2010: £86,000). Those premises have been sublet at the same rate from May 2006 and the lease expires in December 2011.

At 31 March 2011 the Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	2011 **£'000**	**2010** **£'000**	**2009** **£'000**
Not later than one year	237	277	316
Later than one year and not later than five years	919	926	342
Later than five years	57	287	-
	1,213	1,490	658

The total of future minimum sublease payments expected to be received under non-cancellable subleases at the reporting dates:

	2011 £'000	2010 £'000	2009 £'000
Not later than one year	65	86	86
Later than one year and not later than five years	-	65	151
	65	151	237

28. Related parties transactions

Company

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

Transactions with subsidiaries

The Company's subsidiary undertakings are listed in note 13, which includes a description of the nature of their business.

	31-Mar-11 £'000	31-Mar-10 £'000
Amounts due from subsidiaries	-	-
Amounts due to subsidiaries	10	47
Net dividends received from subsidiaries	5,723	13,615

Transactions with Record Currency Fund - Carry 250

Record plc, together with Neil Record (who is a Director of Record plc and is therefore a related party) held all the issued units in the Record Currency Fund - Carry 250. Consequently Record plc exerted a controlling interest over the Record Currency Fund - Carry 250 and it was therefore considered to be a related party to Record plc and its subsidiaries as at 31 March 2010. Record plc's initial investment was £1,000,000, the fair value of this investment as at 31 March 2011 was nil (2010: £940,337). Details of transactions between the Company and Record Currency Fund - Carry 250 are shown below:

	2011 £'000	2010 £'000
Investment in Record Currency Fund - Carry 250 at cost	-	1000

Amounts owed to and by related parties are unsecured, interest-free and have no fixed terms of repayment. The balances will be settled in cash. No guarantees have been given or received. No provisions for doubtful debts have been raised against amounts outstanding, and no expense has been recognised during the period in respect of bad or doubtful debts due from related parties.

Transactions with Record Currency – FTSE FRB10 Index Fund

Record plc, together with Neil Record who is a related party, hold all the issued units in the Record Currency – FTSE FRB10 Index Fund. As Record plc therefore exerts a significant influence over the Record Currency – FTSE FRB10 Index Fund, it is considered to be a related party to Record plc and its subsidiaries. Details of transactions between the Company and Record Currency – FTSE FRB10 Index Fund are shown below:

	2011 £'000	2010 £'000
Investment in Record Currency – FTSE FRB10 Index Fund	1,004	-

Transactions with Record Currency – Emerging Market Currency Fund

Record plc, together with Neil Record who is a related party, hold all the issued units in the Record Currency – Emerging Market Currency Fund. As Record plc therefore exerts a significant influence over the Record Currency – Emerging Market Currency Fund, it is considered to be a related party to Record plc and its subsidiaries. Details of transactions between the Company and Record Currency – Emerging Market Currency Fund are shown below:

	2011 £'000	2010 £'000
Investment in Record Currency – Emerging Market Currency Fund	1,000	-

Group

Transactions or balances between Group entities have been eliminated on consolidation and in accordance with IAS 24, are not disclosed in this note.

The compensation given to key management personnel is as follows:

	2011 £'000	2010 £'000
Short-term employee benefits	4,953	5,866
Post-employment benefits	296	325
Share-based payments	1,654	2,171
Dividends	2,907	7,669
	9,810	**16,031**

Directors' remuneration

	2011 £'000	2010 £'000
Aggregate emoluments of the Directors		
Emoluments (excluding pension contribution)	3,463	3,754
Pension contribution	126	150

During the year, four Directors of the Company (2010: five) participated in the Group's Personal Pension Plan, a defined contribution scheme.

29. Ultimate controlling party

As at 31 March 2011 the Company had no ultimate controlling party, nor at 31 March 2010.

30. Capital management

The Company's objectives when managing capital are (i) to safeguard the Company's ability to continue as a going concern, and (ii) to provide an adequate return to its shareholders.

The Company sets the amount of capital in proportion to risk. The Company 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. The Company had no debt in the current or prior financial year and consequently does not calculate a debt-to-adjusted capital ratio.

31. Post reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation. However, in March 2011, Record renegotiated the fees on our largest Dynamic Hedging mandate resulting in a reduced fee scale being applied from 1 April 2011 (further details are provided in the Business Review).

32. Statutory Accounts

This statement was approved by the Board on 13 June 2011. The financial information set out above does not constitute the company's statutory accounts. The statutory accounts for the financial year ended 31 March 2010 have been delivered to the Registrar of Companies and received an audit report which was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006.

The statutory accounts for the financial year ended 31 March 2011 received an audit report which was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006, and will be delivered to the Registrar of Companies.

Notes to Editors

This announcement includes information with respect to Record's financial condition, its results of operations and business, strategy, plans and objectives. All statements in this document, other than statements of historical fact, including words such as "anticipates", “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “may”, “will”, “continue”, “project” and similar expressions, are forward-looking statements.

These forward-looking statements are not guarantees of the Company’s future performance and are subject to risks, uncertainties and assumptions that could cause the actual future results, performance or achievements of the Company to differ materially from those expressed in or implied by such forward-looking statements.

The forward-looking statements contained in this document are based on numerous assumptions regarding Record’s present and future business and strategy and speak only as at the date of this announcement.

The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement whether as a result of new information, future events or otherwise.