Record plc

PRESS RELEASE

15 June 2010

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

Building for the future

Record plc, the specialist currency manager, today announces its audited results for the year ended 31 March 2010.

Financial highlights:

- AuME[1] \$34.0bn at 31 March 2010 up 8% on the prior year
- AuME[1] £22.4bn at 31 March 2010 up 2% on the prior year
- Management fee income of £33.2m (down 27%)
- Performance fee income of £0.2m (down from £1.4m)
- Pre tax profit £16.7m (down 38%)
- Continued strong balance sheet with no debt and a cash balance of £21.9m
- Operating profit margin to 31 March 2010 of 49% compared to 55% for the year ended 31 March 2009
- Basic EPS of 5.39p (2009: 8.73p per share)
- Proposed final dividend for the year to 31 March 2010 is 0.59 pence per share giving a total dividend for the year unchanged at 4.59 pence per share

Operating highlights:

- Active Hedging AuME grew by 200% to represent 35% of AuME[1] at 31 March 2010 (2009: 13%) and 43% of management fee income (2009: 13%)
- Two US active hedging mandates commenced in the year accounting for \$8.1bn of AuME at 31 March 2010
- Client numbers fell by 28 to 93 by year end 31 March 2010

[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 return of -0.73% for year ended 31 March 2010 (year to 31 March 2009 -3.49%)
- Co-operation agreement with FTSE and the launch of the FTSE Currency FRB (Forward Rate Bias) 5 index series' from 21 September 2009. Launch of internally funded index tracking product (Carry 250) in October 2009
- Internal launch of emerging markets product in November 2009

Commenting on the results Neil Record, Chairman and Chief Executive Officer of Record plc, said:

"Last year saw a significant growth in clients seeking to minimise their exposure to currency risk offset by a decline in clients seeking to make a return from currency exposure. Whilst AuME increased marginally over the period, the split between Active Hedging and Absolute Return changed substantially.

Management fee income fell to £33.2m as a result of the average AuME over the year being significantly lower than the previous year. Operating margins remained strong at 49% and the balance sheet had £21.9m cash and no debt at the year end.

We have seeded two new products in the year, a product to track the FTSE Currency FRB5 index and an emerging market product. Both these products will be marketed to clients in the coming year.

Looking to the current year, we anticipate a continuation of the move toward Active Hedging and further short-term attrition in the Absolute Return product. Over the longer term we anticipate clients will once again 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 15 June 2010 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.

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RECORD PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

	2010 £'000	2009 £'000
Revenue	33,424	46,796
Cost of sales	-	(11)
Gross profit	33,424	46,785
Administrative expenses	(16,972)	(20,928)
Operating profit	16,452	25,857
Finance income	220	917
Finance costs	-	(5)
Profit before tax	16,672	26,769
Taxation	(4,720)	(7,494)
Profit after tax	11,952	19,275
Other comprehensive income		
Net losses on available for sale financial assets	(60)	-
Income tax relating to components of other comprehensive income	13	-
Total comprehensive income for the period	11,905	19,275
Total comprehensive income for the year attributable to:		
Owners of the parent	11,905	19,275
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	5.39	8.73
Diluted earnings per share	5.38	8.72

RECORD PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	2010		2009		2008	
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Property, plant and equipment	205		368		611	
Intangible assets	535		-		-	
Deferred tax assets	143		146		46	
		883		514		657
Current assets						
Trade and other receivables	8,325		7,742		8,917	
Derivative financial assets	98		-		-	
Cash and cash equivalents	21,861		29,798		22,545	
		30,284		37,540		31,462
Current liabilities						
Trade and other payables	(3,874)		(7,076)		(7,191)	
Corporation tax liabilities	(2,384)		(3,774)		(6,356)	
Derivative financial liabilities	(149)		(13)		(23)	
		(6,407)		(10,863)		(13,570)
Net current assets		23,877		26,677		17,892
Non-current assets available for sale (disposal group)		940		-		-
Total net assets		25,700		27,191		18,549
Equity						
Issued share capital	55		55		55	
Share premium account	1,809		1,809		1,809	
Capital redemption reserve	20		20		20	
Retained earnings	23,816		25,307		16,665	
Total equity		25,700		27,191		18,549

Chairman and Chief Executive Officer's statement

Set against continued challenging markets, Record has benefited from diversification through the growth of the Active Hedging product, whose AuME grew by 200% in the period. Overall, AuME increased by 8%, as a result of the growth in Active Hedging mandates, offset by a reduction in Absolute Return mandates. Income was down by 29% as a result of the lower average AuME during the year. The operating profit margin remained strong at 49%.

The last twelve months have continued to be varied and challenging. Varied because our clients' experience in our Active Hedging products has been generally good, while our clients' experience in our Absolute Return products has been poor. Challenging because we continue to labour under very disrupted currency and interest rate markets, with widespread monetary laxity providing headwinds to our core source of absolute return - the Forward Rate Bias.

We have seen growth in our risk-reducing hedging products offset by a decline in our risk-taking Absolute Return products. Overall, this has increased diversification by balancing income between our Hedging and Absolute Return businesses. We see the low correlation between the performance of the Absolute Return and Active Hedging products as beneficial for the overall stability of the business.

Our priority remains to enhance the product range we offer clients, and progress was made in the year with the launch of two internally seeded products. It is envisaged that both of these products will be externally marketed to clients in the next twelve months. It is our belief that these two 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. Our agreement with FTSE Group, the global index provider, to develop and market a series of currency indices is a major development in the move to currency being recognised as a distinct asset class. The launch of a manager-independent index will add credibility to the case for investing in currency. The first index, the FTSE Currency FRB (Forward Rate Bias) 5, represents a readily available investment opportunity and demonstrates a 'beta' return stream analogous to, although independent of, the equity beta. Our internally seeded fund has been launched with an investment of £1m from the Group, and has clearly demonstrated that the index is both replicable and investible.

The second product is the Group's first entry into emerging market currencies. We see emerging market currencies as an important and growing new opportunity for the Group, and we intend to launch a series of currency products to exploit this. A first product has been developed, and again seeded with a £1m investment from the Group. Since its launch in November 2009, the currency product (which is two times geared) has produced a positive return of 12.1% to 31 March 2010.

Set against continued challenging markets, Record has benefited from the diversification of the Active Hedging product, whose AuME grew by 200% in the period. Overall, AuME increased by 8%, as a result of the growth in Active Hedging mandates offset by a reduction in Absolute Return mandates. Income was down by 29% as a result of the lower average AuME during the year. The operating profit margin remained strong at 49%. As we enter the current financial year, Hedging represents approximately 60% of our revenues compared with only 13% two years ago.

Management fees decreased to £33.2m for the year to 31 March 2010, a decline of 27% compared to the year ended 31 March 2009. Given prior valuation levels (or 'high water marks') achieved, performance fees earned in the period were modest.

The operating margin, at 49%, was also less than that achieved in the year to 31 March 2009 (55%) although the decline was less marked than that in revenues. This reflects the flexibility in our cost base, not least due to Record's Group Profit Share (GPS) Scheme which sets aggregate profit share at an average 30% of pre-GPS operating profit.

Overall profit before tax was £16.7m and earnings per share was 5.39p per share. The proposed final dividend is 0.59p per share and, together with the interim dividends, means the total dividend for the year remains unchanged at 4.59p per share.

The balance sheet was marginally weaker at the year end due to the early payment of dividends in the year, with shareholder funds reducing by 5% to £25.7m. Cash balances were £21.9m, a decline of 27% on the previous year, reflecting both the earlier dividend payments and the earlier payments of Group Profit Share ahead of the year end. The Group has a regulatory capital surplus and has cash reserves equivalent to two years' operating costs.

Currency for Absolute Return is an eight year old product for Record, which experienced very strong demand from institutional investors in 2006 and 2007, and hence rapid growth in AuME over that period. AuME subsequently declined in 2008 and 2009. At 31 March 2010, AuME for Absolute Return stood at $7.7bn (2009: $13.4bn).

Active Hedging is our longest-standing product, with continuous client track records since 1985. AuME grew by 200% in the year to $12.0bn at 31 March 2010 (2009: $4.0bn). Growth in this product came principally from two large US state pension funds totalling $8.1bn. We continue to see interest in this product and anticipate further client additions in the coming twelve months.

Passive Hedging, at $13.4bn AuME, accounts for 39% of AuME at 31 March 2010, but only 7% of fee income in the year. In this difficult market environment we are seeing a renewed interest in Passive Hedging.

Further and more detailed analysis of the results for the year can be found in the Business Review.

Investment philosophy

Our investment philosophy is now well established. We believe that long-term returns for investment clients in the currency market are only reliably achievable by exploiting long-term and persistent characteristics of the currency market. By contrast, while there are undoubtedly short-term currency market anomalies that appear and disappear (as in all markets), we do not aim to use these to add value for our clients, since we believe our ability as a firm to do this consistently over long horizons is low. We have maintained this philosophy in the face of extraordinarily volatile and disrupted market conditions, and we intend to continue to do so.

At the core of our philosophy, we recognise and exploit two principal currency market characteristics (I use the term in the sense of 'opportunities') – the Forward Rate Bias (or 'carry') and trends (or 'momentum'). We also recognise another, less pronounced inefficiency – short-term 'mean reversion'.

In our Absolute Return product, we exploit all three characteristics. In our Active Hedging product, we exploit primarily one inefficiency – trends – to allow our clients to effectively insure their portfolios against adverse currency moves in an efficient and low cost manner. We do not generally exploit the Forward Rate Bias in our Hedging products.

Our continued focus on the source and nature of the characteristics that we exploit has led us to reconsider how we describe our products. Our identification of the Forward Rate Bias (the key return driver in our Absolute Return products) as a ‘beta’, to which we seek to add ‘alpha’ through trends and short-term mean reversion, suggests Absolute Return is no longer the best description of these products, and in future these will be described as Currency for Return products (to include our new emerging market products). At the same time, we have recognised that Active Hedging, as a description, may suggest a greater degree of risk-taking in the expectation of generating a return, and therefore that Dynamic Hedging is a more appropriate description.

As we develop our expertise and track record in emerging market currencies, we will come to rely on a further long-term characteristic of currency markets – the observation that a country’s real exchange rate rises as its relative GDP per capita rises. This is often called the Balassa-Samuelson effect.

Investment performance

At the time of writing, ultra-loose monetary policy still dominates almost all of the major economies in our developed market currency universe. History and economic logic tells us that this extreme policy position will only survive while private sector demand remains heavily depressed. Once private sector demand picks up, we should see a resumption of more normal monetary conditions, and indeed we may see tight policies emerge to counter the very high fiscal deficits prevalent in most major economies.

The year ended 31 March 2010 has been one of continuing ‘in line’ performance of the Active Hedging product and negative performance for our Absolute Return product. For Absolute Return, 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 –0.73% (FTSE Currency FRB5 excess return in GBP: -4.78%).

Our Active Hedging product has continued to deliver the risk-reducing benefits of hedging clients’ international investment portfolios. For our US Active Hedging clients this has resulted in positive performance versus their benchmarks, particularly in the January-March 2010 quarter.

Investment performance of our Absolute Return products varied dramatically between the first quarter and the subsequent three quarters. The first quarter (April-June 2009) saw a strong recovery of confidence in the investment markets in general, and ‘investment’ (high interest) currencies in particular. The gearing one return of our ‘alpha composite’ was 2.3% (FTSE Currency FRB5 excess return in GBP: 1.8%).

The second quarter of the period (July-September 2009) saw continued strength in the equity markets, but this did not flow through to a continuation of a recovery in the carry trade returns. This meant that we suffered a negative return in the quarter of –1.4% (FTSE Currency FRB5 excess return in GBP: -4.3%).

The third quarter (October-December 2009) saw the Euro weaken due to a number of factors during the latter part of the quarter. These included the Fitch rating agency cutting Greece’s credit rating, the S&P rating agency downgrading its outlook on the rating of both Spain and Portugal and debt problems, in particular in Ireland and Greece, coming to the fore. The Euro weakness fed through to the performance of the programme with a negative return of -0.4% over the quarter (FTSE Currency FRB5 excess return in GBP: 0.6%).

The fourth quarter (January-March 2010) of the period saw a continued disassociation in correlation between equity markets and carry trade returns as equity markets rallied in the second half of the quarter after a period of retrenchment while an anti-carry environment took hold. The resulting negative return suffered was -1.2% over the quarter (FTSE Currency FRB5 excess return in GBP: -2.9%).

We believe that, as the world economy returns to more normal fiscal and monetary policies, the long-standing 30 year track record demonstrated in the FTSE index should re-establish itself. As a result of our fundamental confidence in the principles upon which our investment process is based we have maintained the consistency of that process.

Annual Returns of Record Umbrella Currency Funds: year to 31 March 2010

Fund Name	***Gearing***	***Annual Return %***	***Volatility since inception % p.a.***
Cash Plus	7	(7.10%)	19.49%
Equity Plus	6	36.74%	27.24%
US Cash Plus	7	(2.41%)	20.04%
US Equity Plus	6	36.88%	24.32%
Euro 1	3.5	(2.01%)	10.21%
Sterling 10	2.5	(3.13%)	6.35%
Sterling 20	5	(8.42%)	10.36%
Alpha composite	1	(0.73%)	2.84%
Carry 250	2.5	(5.97%)[4]	n/a[1]
FTSE Currency FRB5 GBP Excess return	1	(4.78%)	5.87%[3]
Emerging Markets seed product	2	12.05%[5]	n/a[1]
Global Equities (S&P 500) [2]	n/a	46.57%	15.36%[3]

[1] Carry 250 and Emerging Markets seed product have less than twelve months historic data and by convention volatility is not included
[2] Included for comparison
[3] Since June 1978
[4] Since October 2009
[5] Since November 2009

Aligned incentives

Record operates a profit share scheme whereby 30% of operating profits over the medium term are distributed between all members of staff. 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 six-monthly or annual review process. There are no other bonus scheme arrangements across the Group.

The scheme requires all senior managers, with the exception of those individuals who already own in excess of 2% of the Company, to have at least a third of their remuneration in the form of share-based payments.

Board changes and personnel

The Board was strengthened with the addition in October 2009 of David Morrison as a Non-executive Director. David is the founder and CEO of Prospect Investment Management, a specialist private equity investor, and he brings particular expertise in the management of generational change in growing businesses. I am pleased to welcome David to the Board.

Peter Wakefield, the Chief Operating Officer, left the Group in August 2009 having been instrumental in the development of the pooled funds and the IPO. I would like to reiterate my thanks to Peter for the substantial contribution he made to the business over a ten year period. The responsibilities of the Chief Operating Officer have been split between the Chief Financial Officer and the Chief Investment Officer.

At the time of the IPO in November 2007, I indicated that it was my intention to split the combined role of Chief Executive and Chairman within three to five years. I have now indicated that I wish to take the role of Chairman following the appointment of a Chief Executive before the end of the financial year ended 31 March 2011. The Nominations Committee, chaired by David Morrison, has commenced the process of identifying a suitable Chief Executive.

On behalf of the Board I extend our thanks to all staff for their commitment to the business and their hard work in this very difficult environment.

Group strategy and growth plans

We see the adoption of the currency Forward Rate Bias as an asset class by the global investment community as a strategic goal for this business. We believe that such adoption would transform this business into one of global scale. However, even though we see our efforts to encourage this adoption as highly rewarding in the long term, in the interim we see the expansion of the Active Hedging client base, and the development and successful marketing of emerging market currency products as more practical and immediate steps to take.

On the Active Hedging side, we are seeing interest from a group of mainly UK pension fund investors who have found the cash flows that arose from their passive hedges too disruptive, and where our Active Hedging is seen as a cash-flow-controlled alternative. In the US and elsewhere, we have seen a sharpening of interest in adopting Active Hedging without going through the passive route. This has been particularly enhanced by a feeling on the part of some investors that currencies will continue to be very volatile over the coming years.

On our Absolute Return products, investors are increasingly looking for reliable 'alternative' assets in order to generate a more predictable return stream than is available from equities. We believe that the 'asset class' project and emerging market currency products could benefit in such an environment. Whilst the short-term performance of the Absolute Return product is leading to further client redemptions and a difficult backdrop for short-term sales, the longer-term investment case remains strong. In particular we are encouraged by early indicators of clients and consultants measuring our performance relative to a 'beta' benchmark, as well as in absolute terms.

In order to position Record to 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 implemented in the second half of the current financial year.

We believe that the foundations that are being put in place will position the business to benefit in the long term as currency becomes a recognised asset class.

Neil Record

Chairman and Chief Executive Officer

Business Review

The twelve months to 31 March 2010 saw a continued move towards currency risk aversion by clients. This led to a substantial increase in Active Hedging, which accounted for 43% of fee income. Absolute Return products continued to see a decline in AuME and, whilst overall investment performance was negative for the year as a whole, this represented an improvement on the previous 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 auditors are 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 2010 saw a continued move towards currency risk aversion by clients. This led to a substantial increase in Active Hedging, which accounted for 43% of fee income. Absolute Return products continued to see a decline in AuME and whilst overall investment performance was negative for the year as a whole, this represented an improvement on the previous year. The Group saw a marginal increase in AuME but falls in client numbers, fee income and operating profit. Management fee income saw a significant reduction as a result of a lower average AuME in the year compared to the previous year. 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.

KPIs	2010	2009	2008
• AuME at 31 March – US Dollars	$34.0bn	$31.5bn	$55.7bn
• AuME at 31 March – Sterling	£22.4bn	£22.0bn	£28.0bn
• Average AuME – US Dollars	$34.8bn	$45.6bn	$52.2bn
• Currency Alpha Composite	(0.73%)	(3.49%)	(2.39%)
• Client numbers at 31 March	93	121	141
• Average management fee rates	15.2	17.1	16.3
• Operating profit margin	49%	55%	61%
• Basic EPS	5.39 pence	8.73 pence	12.65 pence

Summary of highlights

- AuME increased by $2.5bn (8%) during the year. AuME, when measured in Sterling, increased by £0.4bn (2%).
- Average AuME decreased by $10.8bn (24%) during the year. The largest component was the significant fall in Absolute Return AuME in the last quarter of the year ended 31 March 2009.
- The excess return of our segregated composite, expressed as a percentage of underlying assets on a gearing 1 basis, was -0.73%.
- 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 2010 was 93, 23% lower than at the previous year end.
- The average management fee rates achieved for both segregated and pooled Absolute Return mandates decreased to 26.6bps and 24.4bps respectively. The average Active Hedging management fee rate increased to 23.7 bps.
- A combination of reduced management fees, marginally higher costs and a reduced profit share cost resulted in an operating profit margin of 49% for the year to 31 March 2010.
- The decrease in operating profit margin is reflected in the Group's earnings per share decreasing to 5.39p per share.

Product review

Annual Returns of Record Umbrella Currency Funds: year to31 March 2010

Fund Name	***Gearing***	***Annual Return %***	***Volatility since inception % p.a.***
Cash Plus	7	(7.10%)	19.49%
Equity Plus	6	36.74%	27.24%
US Cash Plus	7	(2.41%)	20.04%
US Equity Plus	6	36.88%	24.32%
Euro 1	3.5	(2.01%)	10.21%
Sterling 10	2.5	(3.13%)	6.35%
Sterling 20	5	(8.42%)	10.36%
Alpha composite	1	(0.73%)	2.84%
Carry 250	2.5	(5.97%)[4]	n/a[1]
FTSE Currency FRB5 GBP Excess return	1	(4.78%)	5.87%[3]
Emerging Markets seed product	2	12.05%[5]	n/a[1]
Global Equities (S&P 500) [2]	n/a	46.57%	15.36%[3]

[1] Carry 250 and Emerging Markets seed product have less than twelve months historic data and by convention volatility is not included

[2] Included for comparison

[3] Since June 1978

[4] Since October 2009

[5] Since November 2009

AuME development

The Group has seen an overall increase in AuME of $2.5bn through the year, reaching $34.0bn at the year end.
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 $5.4bn in AuME during the year.

The Group has seen net outflows of $3.0bn from clients. Inflows from new clients, which totalled $9.0bn, were offset by outflows from existing clients of $12.0bn. Other movements included:

(i) a rise of $3.3bn related to movements in global stock and other markets as many mandate sizes are linked to such markets;

(ii) a rise of $2.1bn 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 rise of $0.1bn 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 increased by 2% to £22.4bn (2009: £22.0bn). This rise is more representative of the impact of AuME on underlying management fee income with 37% of year end AuME being denominated in Sterling, 30% in US Dollars, 28% in Swiss Francs and 5% in Euros.

Record’s Absolute 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 Absolute Return AuME fell to $3.6bn (2009: $8.3bn) following significant outflows of $5.3bn. Record’s pooled funds also experienced outflows with AuME falling to $4.1bn (2009: $5.1bn).

Active Hedging mandates increased from $4.0bn to $12.0bn in the year. This increase was principally due to the commencement of several large mandates in the period.

Passive Hedging AuME increased by $0.4bn, a 3% increase in the year. This increase was the combination of three factors: the movement in the Sterling/US Dollar exchange rate (an increase of $1.0bn), a rise of $1.4bn in value of the underlying assets, typically international equities, that the hedging programme is established to hedge against, offset by the net outflow of $2.0bn. A number of passive mandates are linked to overall programmes under which an additional Absolute Return or Active Hedging mandate incorporates an element of Passive Hedging.

Product mix

The Group’s product mix has changed markedly over the period due to the AuME movements described above. Hedging AuME has grown to 74% of AuME (2009: 54%), as a result of the strong growth of the Active Hedging product, which accounts for 35% of AuME (2009: 13%). Together Absolute Return and Active Hedging represent 58% of AuME (2009: 56%) being higher margin products compared to Passive Hedging. Absolute Return pooled funds made up 12% of AuME (2009: 16%) and Absolute Return segregated funds 11% of AuME (2009: 27%).

At 31 March 2010 Record had 93 clients. The Group has gained several new clients in the year but overall experienced a net loss of 28 clients.

AuME by product				
AuME $ billions	**31-Mar-10**		**31-Mar-09**	
Absolute Return - segregated	3.6	11%	8.3	27%
Absolute Return - pooled	4.1	12%	5.1	16%
Sub-Total Absolute Return	7.7	23%	13.4	43%
Active Hedging	12.0	35%	4.0	13%
Passive Hedging	13.4	39%	13.0	41%
Cash	0.9	3%	1.1	3%
Total	**34.0**	**100%**	**31.5**	**100%**

AuME by product				
AuME £ billions	**31-Mar-10**		**31-Mar-09**	
Absolute Return - segregated	2.4	11%	5.8	27%
Absolute Return - pooled	2.7	12%	3.5	16%
Sub-Total Absolute Return	5.1	23%	9.3	43%
Active Hedging	7.9	35%	2.8	13%
Passive Hedging	8.8	39%	9.1	41%
Cash	0.6	3%	0.8	3%
Total	**22.4**	**100%**	**22.0**	**100%**

AuME composition by product and base currency								
	Absolute Return Segregated		Absolute Return Pooled		Active Hedging		Passive Hedging	
Base Currency	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
Sterling	GBP 1.3bn	GBP 2.2bn	GBP 2.4bn	GBP 3.2bn	GBP 1.1bn	GBP 0.3bn	GBP 3.0bn	GBP 3.6bn
US Dollar	USD 0.8bn	USD 3.3bn	-	-	USD 9.4bn	USD 1.3bn	-	USD 0.2bn
Swiss Franc	CHF 0.7bn	CHF 1.7bn	-	-	CHF 0.9bn	CHF 2.6bn	CHF 8.2bn	CHF 7.8bn
Euro	-	-	EUR 0.3bn	EUR 0.3bn	-	-	EUR 0.8bn	EUR 0.6bn
Canadian Dollar	CAD 0.2bn	CAD 0.5bn	-	-	-	-	-	-
Total AuME US Dollars	USD 3.6bn	USD 8.3bn	USD 4.1bn	USD 5.1bn	USD 12.0bn	USD 4.0bn	USD 13.4bn	USD 13.0bn

Client numbers by product		
	31-Mar-10	**31-Mar-09**
Absolute Return - segregated	14	20
Absolute Return - pooled	60	87
Sub-Total Absolute Return	74	107
Active Hedging	7	4
Passive Hedging	12	10
Total	**93**	**121**

AuME by Client type				
AuME $ billions / %	**31-Mar-10**		**31-Mar-09**	
Government & Public funds	20.2	59%	15.4	49%
Corporate Pension funds	9.5	28%	9.0	28%
Foundations & Investment funds	4.3	13%	7.1	23%
Total	**34.0**	**100%**	**31.5**	**100%**

AuME by Client location				
AuME $ billions / %	**31-Mar-10**		**31-Mar-09**	
UK	12.5	37%	14.4	46%
Europe (excluding UK)	12.0	35%	13.3	42%
North America	9.5	28%	2.0	6%
Rest of the World	-	-	1.8	6%
Total	**34.0**	**100%**	**31.5**	**100%**

Gearing

The Absolute Return product allows clients to pick the level of exposure they desire in the FX currency programme. The pooled funds offer clients the ability to be either 2.5, 3.5, 5, 6 or 7 times geared with either Sterling, US Dollars or Euros 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 should anticipate volatility of 20%, compared to a 2.5 times geared fund volatility of 10%. 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.

Investment performance

Both the Passive and Active Hedging products are systematic in nature. Both products continued to perform in line with client expectations and in particular the Active Hedging product generated significant value for our US clients in the second half of the financial year.

For the Absolute 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 losses. Historically this investment approach has shown positive returns due to the existence of the Forward Rate Bias and trending movements in selected currency pairs. The Forward Rate Bias captures the real interest rate differentials which arise as a result of surplus countries demanding a risk premium for financing deficit countries.

We regard the Forward Rate Bias as a beta, or risk premium, return, rationally paid to current account surplus investors for financing other countries' current account deficits. Trending, or momentum, is a well-established market inefficiency, that arises due to constraints on real arbitrage, the availability of arbitrage capital, the long lags associated with real economic adjustments and the market's response to news.

Due to the credit crunch and banking crisis, deficit countries moved to lower short-term interest rates before the start of the fiscal year, and accelerated quantitative easing programmes in response to the global recession as the year progressed. This led to an environment of low interest rates and differentials, which continued through the year. The low interest rates and recessionary environment did not allow spot rates of the high interest rate currencies to increase appreciably from the lows experienced. This, along with the costs involved in the risk control process, resulted in the Trend/FRB strategy making losses over the period.

In contrast, the Range Trading strategy, which relies on certain currency pairs trading in a narrow price range, benefited from the lower interest rate environment as many currency pairs oscillated around the yearly mean. However, the gains made were insufficient to compensate for the losses experienced from the core Trend/FRB strategy.

The process of deficit economies 'draining' the built up excess liquidity will provide the Trend/FRB strategy with opportunities to potentially outperform in the future. The strengthening of the Australian Dollar, following the Reserve Bank of Australia's decision to tighten its monetary policy by increasing rates earlier than other deficit countries, supports our view that the low interest rate environment is a transitory phase in the economic cycle and therefore gives us grounds for optimism for the Trend/FRB strategy performance going forward.

Strategy

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

- Seek to exploit opportunities for hedging (Active and Passive) products in the current market environment
- Promote currency Forward Rate Bias as a manager-independent asset class – currency 'beta'
- Seek to maintain and grow currency Absolute Return, including emerging market currencies
- Develop both existing and new products within currency investment management, including emerging market currencies
- Continued investment in people and infrastructure

Market development

Active and Passive Hedging

The movements in exchange rates over the last 18 months have caused investors to re-examine their strategy for managing exchange rate exposure. 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. Similar investors who were unhedged are examining how they protect currency gains.

Record's Active Hedging programme has continued to perform in line with expectations during this period, and has reduced the cost of a purely passive hedging programme for UK clients. The programme continues to protect those UK clients against a rise in Sterling.

Absolute Return

The Absolute Return programme has seen a period of negative performance from July 2007. The product has seen significant outflows over the last 18 months and it is likely that there will be further outflows in the short term.

Record remains committed to the long-term performance of this product and believes that performance will return. In the near future, interest rates are likely to revert to longer-term averages and this should benefit the investment process.

In the immediate future, it is unlikely that there will be client inflows. 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.

Currency beta

Record's medium-term aim is to develop currency as an asset class in its own right. The 'asset class project' is now well under way with the launch of the first currency index, the FTSE Currency FRB5 Index, in September 2009. This represents the first in a series of indices that it is anticipated FTSE will launch for currencies. The development of products to track the FTSE indices has the potential to result in an inflow of investment into the currency universe.

Product development

Index products

The asset class project requires the launch of products that track published indices. Record launched the first fund to track the FTSE Currency FRB5 Index, Carry 250, which has been trialled successfully since October 2009. The fund is 2.5 times geared. This fund will be launched to external investors in July 2010.

Emerging markets

In addition to the asset class project, we continue to pursue opportunities in emerging markets. A product has been developed and trialled internally since November 2009. We have commenced discussions with clients on emerging markets and it is anticipated that individual mandates will be tailored to specific client requirements. Since the inception of the trial, the product, that is twice geared, has delivered a return of 12.1% over the five months to 31 March 2010.

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 sustain a flexible, scalable platform for future growth. The number of employees in the Group has increased marginally to 70 at 31 March 2010 (2009: 62).

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

There have been a number of changes to the Board during the year. As detailed in the Chairman and Chief Executive Officer's statement, the Board has been strengthened by the addition of David Morrison as a Non-executive Director. As reported in last year's Annual Report and Accounts, Peter Wakefield left the business in August 2009.

Record's Executive Committee has been strengthened during the year by the addition of two senior members of management, Dmitri Tikhonov (Head of Portfolio Management) and James Wood-Collins (Head of Client Team), to the team comprised of Record's four Executive Directors.

Neil Record, Chairman and Chief Executive, has indicated that before the end of the financial year ending 31 March 2011, he would like to assume the role of Executive Chairman and relinquish the role of Chief Executive. The Board has tasked the Nominations Committee, chaired by David Morrison, with selecting an appropriate successor as Chief Executive. The Nominations Committee has met on a number of occasions and is moving forward with a process to identify the individual who is able to continue to deliver the strategic goals identified by the Board.

Infrastructure development

Record is constantly 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 commenced the implementation of a new software system to enhance Record's middle and back office platform across a range of financial instruments.

The system will 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.

It is anticipated that the system will go live towards the end of 2010.

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 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, Mazars 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 and has the Managing Director, the Head of Operations, the Head of Trading, the Head of Reporting Services, the Head of Portfolio Management and the Compliance Director 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 01/06 (AAF) report. There are two types of assurance engagements associated with the 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: 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. Loss of key personnel; could impact on the management of the Group and / or lead to a loss of AuME. 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 Active Hedging and / or currency as an asset class by its core client base. Account concentration; Record has a relatively small number of high value clients. Reliance on investment consultants; if a consultant no longer believes that currency for return or Active 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. Changes in the regulatory environment or tax regime making investment in currency less attractive to investors.	These include: The Board's lengthy investment management experience. The Group's investment process is steered by an Investment Committee of four, and 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. 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. Diversification of investment capabilities across risk reducing and risk taking products to reduce single event / product exposure. 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. 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.

		The firm has an almost equal split between revenue generated via Hedging products and that from Absolute Return.
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	The Group is paid by its Absolute 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.	These include: Experienced Investment Committee meets frequently ensuring consistent core investment processes are applied. Dedicated currency management research and investment focus. Remuneration policy links investment senior managements' remuneration to long term performance of the Group.
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: 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. Execution and process management; dealing, portfolio, settlement and reporting errors. Non compliance, including monitoring of investment breaches. 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. 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.	These include: Record prepares an annual AAF 01/06 report. The contents of this report, 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 Committee. 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 review and the internal audit programme. 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. There is an established Risk Management Committee that meets on a monthly basis. The Risk Management Committee oversees the credit policy regarding counterparty exposure.

		Engagement letters or service level agreements are in place with all significant service providers. The Group's investment processes 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.
Treasury risks 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	These include: 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 invests a limited amount of its resources in its own funds (seed capital), exposing it to price risk, credit risk, and foreign exchange risk. Liquidity management. The Group is exposed to credit risk and interest rate risk in respect of its cash balances.	These include: Monthly reporting of all balance sheet exposures to the Executive Committee and Board. 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. The Group hedges its non-Sterling income on a monthly basis from the moment income is accrued until the anticipated date of receipt by using forward fixed rate currency sales contracts.

Financial review

Total revenue decreased by 29% to £33.4m, principally due to the reduction in management fees. This is broadly in line with the reduction in average AuME during the year of 24%. Total expenditure decreased by 19% to £17.0m principally through a reduction in the Group Profit Share cost. Profit before tax decreased by 38% to £16.7m.

£'000	**FY10**	**FY09**
Management fees	33,244	45,561
Performance fees	224	1,436
Other revenue	(44)	(201)
Total revenue	**33,424**	**46,796**
Personnel (excluding Group Profit Share Scheme)	(6,119)	(5,628)
Non-personnel cost	(3,800)	(4,220)
Total expenditure (excl. Group Profit Share Scheme)	**(9,919)**	**(9,848)**
Group Profit Share Scheme	(7,053)	(11,091)
Operating profit	**16,452**	**25,857**
%	***49.2%***	***55.3%***
Net interest received	220	912
Profit before tax	**16,672**	**26,769**
Tax	(4,720)	(7,494)
Profit after tax	**11,952**	**19,275**

Fees

In the year ended 31 March 2010, the fall in the number of clients and the associated decline in average AuME together with a reduction in performance fees have driven a decline in total fee income of 29%. Excluding performance fees, fee income decreased by 27%.

Average management fee rates by product – (bps*)		
Product	**FY10**	**FY09**
Absolute Return:		
- pooled	24.4	29.8
- segregated	26.6	27.2
Absolute Return – combined average	**25.4**	**28.5**
Active Hedging	**23.7**	**20.6**
Passive Hedging	**2.6**	**1.7**
Weighted average	**15.2**	**17.1**

Record charges fees to its clients based upon the AuME of the product provided. Record typically offers all Absolute 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. Both Passive and Active 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. 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 Absolute Return mandates.

Total fee analysis		
Fees £m	**FY10**	**FY09**
Management	33.2	45.6
Performance	0.2	1.4
Other	-	(0.2)
Total	**33.4**	**46.8**

Management fees

Management fee income during the year was £33.2m (2009: £45.6m). The table below shows strong growth in both Hedging products, with management fee income attributable to Active Hedging of £14.4m, up 136% in the period and Passive Hedging up 47% to £2.2m. The management fee income attributable to the Absolute Return product is down 56% to £16.6m.

Management fee by product (excluding performance fees)		
Fees £m	**FY10**	**FY09**
Absolute Return - segregated	8.0	18.3
Absolute Return - pooled	8.6	19.7
Sub-Total Absolute Return	16.6	38.0
Active Hedging	14.4	6.1
Passive Hedging	2.2	1.5
Total	**33.2**	**45.6**

Performance fees

Performance fees earned in the year were £0.2m compared with £1.4m in the previous year, a decrease of 86%. Performance fee structures apply primarily to Absolute 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.

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 is made available to be awarded to employees. The Remuneration Committee has recommended that for the year ended 31 March 2010, the Group Profit Share Scheme is 30% of pre-GPS operating profit. For the year ended 31 March 2010, this represents £7.1m, a reduction of £4.0m from the previous financial year. This represents a year on year decrease of 36% compared with a 29% 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.

Operating margin

The operating profit for the year ended 31 March 2010 of £16.5m was £9.4m lower than the operating profit for the previous financial year (2009: £25.9m). The Group achieved an operating profit margin of 49% for the year ended 31 March 2010 (55% in 2009). This results principally from operating costs (excluding Group Profit Share) being spread across lower fee income resulting in a reduced operating margin.

During the year ended 31 March 2010, total operating expenditure of the Group decreased by £3.9m to £17.0m. This results from a £0.5m increase in personnel costs (excluding Group Profit Share Scheme), offset by a £4.0m reduction in the Group Profit Share Scheme and a £0.4m reduction in non-personnel costs.

Cash flow

The Group's ability to generate cash has remained strong, albeit the year end cash position has been weakened by the advancement of profit share and dividend payments in March that would typically occur in June and August respectively. Cash generated from operations before tax was £12.2m, with £6.1m paid in taxation and £13.6m in dividends. At 31 March 2010 the closing cash and cash equivalents was £21.9m compared with £29.8m at 31 March 2009.

Dividends

Shareholders have received two interim dividends during the year, being an interim dividend of 2.00p per share paid on 22 December 2009 and a further interim dividend of 2.00p per share paid on 16 March 2010. The Board recommends paying a final dividend of 0.59p per share, equivalent to £1.3m. This would take the overall dividend to 4.59p per share, being an unchanged dividend on the prior year. This represents an 85% payment of profits after tax for the year ended 31 March 2010.

Subject to shareholder approval, the dividend will be paid on 4 August 2010 to shareholders on the register on 25 June 2010, the ex-dividend date being 23 June 2010. The dividend cover achieved in the year was 1.2 (2009: 1.9).

Capital management

The Board's intention is to retain sufficient capital (being equivalent to shareholders' funds) within the business 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 £25.7m at 31 March 2010 (2009: £27.2m). 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 registered in Canada in the category of International Adviser (Investment Counsel & Portfolio Manager) with the Ontario Securities Commission in Ontario, although this category was abolished in September 2009. RCML is currently operating under a transition exemption whilst the new registration process is completed. 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 quarterly 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.

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 2010, Record had Tier 1 capital of £25.7m. 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 outlook is likely to see a continuation of the growth of new Active Hedging mandates, offset by further attrition in the Absolute Return product.

In July 2010 the Carry 250 product will be launched to external investors. The launch of an index tracking currency product represents a milestone in the asset class project. It is likely that there will be further indices and index tracking products launched in 2010, probably including a FTSE Currency FRB10 index of ten developed market currencies.

The successful seeding of the Emerging Market product will be followed with marketing the concept of emerging market currency to clients during 2010. Any client wins are likely to be relatively modest and involve segregated mandates rather than fund based structures.

The project to implement the new middle and back office system is progressing towards implementation by the end of 2010.

The fiscal environment will probably lead to increased interest rates in a number of developed countries in the next twelve months. A 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 Absolute Return investment strategy. A sustained period of positive investment performance is likely to be a precursor for investors to consider an investment in the Absolute Return 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.

RECORD PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

	Note	2010 £'000	2009 £'000
Revenue	3	33,424	46,796
Cost of sales		-	(11)
Gross profit		33,424	46,785
Administrative expenses		(16,972)	(20,928)
Operating profit	4	16,452	25,857
Finance income	6	220	917
Finance costs	7	-	(5)
Profit before tax		16,672	26,769
Taxation	8	(4,720)	(7,494)
Profit after tax		11,952	19,275
Other comprehensive income			
Net losses on available for sale financial assets		(60)	-
Income tax relating to components of other comprehensive income		13	-
Total comprehensive income for the period		11,905	19,275
Total comprehensive income for the year attributable to:			
Owners of the parent		11,905	19,275
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	9	5.39	8.73
Diluted earnings per share	9	5.38	8.72

RECORD PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

		2010		2009		2008	
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Property, plant and equipment	12	205		368		611	
Intangible assets	13	535		-		-	
Deferred tax assets	15	143		146		46	
			883		514		657
Current assets							
Trade and other receivables	16	8,325		7,742		8,917	
Derivative financial assets	17	98		-		-	
Cash and cash equivalents	18	21,861		29,798		22,545	
			30,284		37,540		31,462
Current liabilities							
Trade and other payables	19	(3,874)		(7,076)		(7,191)	
Corporation tax liabilities	19	(2,384)		(3,774)		(6,356)	
Derivative financial liabilities	19	(149)		(13)		(23)	
			(6,407)		(10,863)		(13,570)
Net current assets			23,877		26,677		17,892
Non-current assets available for sale (disposal group)	20		940		-		-
Total net assets			**25,700**		**27,191**		**18,549**
Equity							
Issued share capital	21	55		55		55	
Share premium account		1,809		1,809		1,809	
Capital redemption reserve	23	20		20		20	
Retained earnings		23,816		25,307		16,665	
Total equity			**25,700**		**27,191**		**18,549**

RECORD PLC

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	Note	2010		2009		2008	
		£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Investments	14		30		30		30
Current assets							
Trade and other receivables	16	-		3		21	
Derivative financial assets	17	98		-		-	
Cash and cash equivalents	18	1,077		2,018		2,129	
			1,175		2,021		2,150
Current liabilities							
Trade and other payables	19	(47)		(28)		(10)	
Corporation tax liabilities	19	(15)		(18)		(18)	
			(62)		(46)		(28)
Net current assets			1,113		1,975		2,122
Non-current assets available for sale (disposal group)	20		940		-		-
Total net assets			2,083		2,005		2,152
Equity							
Issued share capital	21	55		55		55	
Share premium account		1,809		1,809		1,809	
Capital redemption reserve	23	20		20		20	
Retained earnings		199		121		268	
Total equity			2,083		2,005		2,152

RECORD PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total shareholders' equity
	£'000	£'000	£'000	£'000	£'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	-	-	-	11,952	11,952
Other comprehensive income					
Available for sale financial assets	-	-	-	(60)	(60)
Income tax relating to components of other comprehensive income	-	-	-	13	13
As at 31 March 2010	**55**	**1,809**	**20**	**23,816**	**25,700**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total shareholders' equity
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2008	**55**	**1,809**	**20**	**16,665**	**18,549**
Dividends paid	-	-	-	(10,142)	(10,142)
Own shares held by EBT	-	-	-	(579)	(579)
Employee share options	-	-	-	88	88
Transactions with owners	**-**	**-**	**-**	**(10,633)**	**(10,633)**
Profit for the year	-	-	-	19,275	19,275
As at 31 March 2009	**55**	**1,809**	**20**	**25,307**	**27,191**

RECORD PLC

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total shareholders' equity
	£'000	£'000	£'000	£'000	£'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	-	-	-	106	106
Dividends received from subsidiaries	-	-	-	13,615	13,615
Other comprehensive income					
Available for sale financial assets	-	-	-	(60)	(60)
Income tax relating to components of other comprehensive income	-	-	-	13	13
As at 31 March 2010	**55**	**1,809**	**20**	**199**	**2,083**

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009

	Called up share capital	Share premium account	Capital redemption reserve	Retained earnings	Total shareholders' equity
	£'000	£'000	£'000	£'000	£'000
As at 1 April 2008	**55**	**1,809**	**20**	**268**	**2,152**
Dividends paid	-	-	-	(10,142)	(10,142)
Transactions with owners	**-**	**-**	**-**	**(10,142)**	**(10,142)**
Profit for the year	-	-	-	65	65
Dividends received from subsidiaries	-	-	-	9,930	9,930
As at 31 March 2009	**55**	**1,809**	**20**	**121**	**2,005**

RECORD PLC

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH

	2010		2009	
	£'000	£'000	£'000	£'000
Profit after tax	11,952		19,275	
Adjustments for:				
Corporation tax	4,720		7,494	
Finance income	(220)		(917)	
Finance expense	-		5	
Depreciation of property, plant and equipment	250		363	
Loss on AFS assets	(60)		-	
Share-based payments expense	251		89	
		16,893		26,309
Changes in working capital				
(Increase)/Decrease in receivables		(591)		1,038
Decrease in payables		(3,202)		(116)
Decrease in other financial liabilities		(902)		(11)
CASH INFLOW FROM OPERATING ACTIVITIES		12,198		27,220
Interest paid		-		(5)
Corporation taxes paid		(6,094)		(10,176)
NET CASH INFLOW FROM OPERATING ACTIVITIES		6,104		17,039
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(87)		(120)	
Purchase of intangible assets	(535)		-	
Interest received	229		1,054	
NET CASH (OUTFLOW)/ INFLOW FROM INVESTING ACTIVITIES		(393)		934
CASH FLOW FROM FINANCING ACTIVITIES				
Purchase of treasury shares	(52)		(578)	
Dividends paid to equity shareholders	(13,596)		(10,142)	
CASH OUTFLOW FROM FINANCING ACTIVITIES		(13,648)		(10,720)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS IN THE PERIOD		(7,937)		7,253
Cash and cash equivalents at the beginning of the period		29,798		22,545
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		21,861		29,798

RECORD PLC

COMPANY STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH

	2010		2009	
	£'000	**£'000**	**£'000**	**£'000**
Profit after tax	106		65	
Adjustments for:				
Corporation tax	28		19	
Loss on AFS assets	(60)		-	
Finance income	(15)		(84)	
		59		-
Changes in working capital				
Decrease in other financial assets		(1,038)		-
Increase in payables		18		19
CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(961)		19
Corporation taxes paid		(17)		(19)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(978)		-
CASH FLOW FROM INVESTING ACTIVITIES				
Dividends received	13,615		9,930	
Interest received	18		101	
NET CASH INFLOW FROM INVESTING ACTIVITIES		13,633		10,031
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid to equity shareholders	(13,596)		(10,142)	
CASH OUTFLOW FROM FINANCING ACTIVITIES		(13,596)		(10,142)
NET DECREASE IN CASH AND CASH EQUIVALENTS IN THE PERIOD		(941)		(111)
Cash and cash equivalents at the beginning of the period		2,018		2,129
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,077		2,018

Notes to the accounts for the year ended 31 March 2010

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 2010. The financial statements have been prepared on an 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’)
The following standards have been applied by the Group from 1 April 2009:
IAS 1 (Revised) Presentation of financial statements
IFRS 1 (Amendment) First time adoption of IFRS
IFRS 7 (Amendment) Financial instruments: Disclosure
IFRS 8 Operating segments

IAS 1 - The revised standard has changed the way the Group's primary financial statements have been presented. The revision required information to be aggregated on the basis of shared characteristics and introduced a 'statement of comprehensive income' to enable readers to analyse changes in an entity's equity resulting from transactions with owners separately from 'non-owner' changes. The revisions included changes in the titles of the primary statements to reflect their function more clearly (for example, the balance sheet is renamed a 'statement of financial position'). The new titles are not mandatory but have been added by the Group. Comparative information has been re-presented so that it also is in conformity with the revised standard.

IFRS 7 - The amendment introduced a three-level hierarchy for fair value measurement disclosures and required entities to provide additional disclosures about the relative reliability of those fair value measurements. In addition, the amendment clarified and enhanced liquidity risk disclosure requirements to enable users to better evaluate the nature and extent of liquidity risk arising from financial instruments and how the entity managed that risk. The Group has provided these additional disclosures in the notes to the financial statements where relevant.

IFRS 8 – This standard replaced IAS 14 and requires entities whose debt or equity instruments are traded on a public market to adopt the 'management approach' to reporting the financial performance and position of its operating segments. Information to be reported is what management (specifically the Chief Operating Decision Maker (CODM)) uses internally for evaluating performance and deciding how to allocate resources to operating segments. There is no longer a requirement to make disclosure based on primary and secondary reporting formats, nor is there a requirement to distinguish between business and geographical segments.

Despite these changes, application of the new standard has not significantly impacted the way management reports segmental information. Management believe that under the new standard it continues to have only one reporting segment, being the provision of currency management services.

Any standards and interpretations that have been issued but are not yet effective, and that are available for early application, have not been applied by the Group in these financial statements. Application of these standards and interpretations is not expected to have a material effect on the financial statements in the future.

(b) Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 31 March 2010. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. Record plc obtains and exercises control through more than half the voting rights for all its subsidiaries. All subsidiaries have a reporting date of 31 March.

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 profit after tax for the year includes a profit of £77,362 (2009 loss: £146,602) which is dealt with in the financial statements of the holding company.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

(c) Segment reporting

The Group provides its Directors with additional revenue information by product. It is unable to allocate costs, assets and liabilities by product, and on that basis, the Directors consider that the Group has only one segment. The Group sub-divides the single operating segment into two currency management products being 'Hedging' and 'Absolute Return' and reports its performance between two fee structures being 'management fees' and 'performance fees'. Revenue information analysing the aforementioned products 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, the Group Profit Share 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 option, with a corresponding increase in equity.

The fair value of options granted prior to listing was 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 22.

(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 asset 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) 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.

(p) 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
Available 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.

Available for sale financial assets (disposal group)

Available for sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available for sale assets are limited to seed capital in the Carry 250 fund (disposal group).

All available for sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within reserves within equity, except for impairment losses which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

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.

(q) Impairment of assets

The Group 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.

(r) 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.

(s) 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 586,068 (2009: 696,972; 2008: 168,287) 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 income statement. Further information regarding the Record plc share-based compensation plans and relevant transactions made during the year are included in note 22.

(t) 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.

(u) 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.

(v) Non-current assets classified as available for sale (disposal groups)

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

Assets classified as ‘available for sale' are measured at the lower of their carrying amounts immediately prior to their classification as ‘available for sale' and their fair value less costs to sell. However, some available for sale assets, such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets.

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 22 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 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.

For management purposes, the Group sub-divides the single business segment into two currency management products being Hedging and Absolute Return and reports its performance between two fee structures being management fees and performance fees. Revenue information analysing the aforementioned products is presented below:

(a) Product class

The Group’s main trading activities can be split between currency management and other Group activities including consultancy.

Product Class		
Fees	**FY10**	**FY09**
	£’000	£’000
Active hedging		
Management fees	14,432	6,065
Performance fees	-	831
Passive hedging		
Management fees	2,211	1,547
Absolute Return segregated funds		
Management fees	8,038	18,261
Performance fees	-	-
Absolute Return pooled funds		
Management fees	8,563	19,688
Performance fees	224	605
Other revenues	(44)	(201)
Total	**33,424**	**46,796**

(b) Countries served

The geographical analysis of revenue is based on the destination. 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.

Currency Management Income by Geographical Region		
Fees	**FY10**	**FY09**
	£’000	£’000
UK	14,885	27,388
US	10,921	4,311
Switzerland	4,568	4,699
UAE	720	5,167
Other	2,374	5,432
	33,468	**46,997**
Other Group activities	(44)	(201)
	33,424	**46,796**

During the year ended 31 March 2010, £7.6m or 23% 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):

	FY10	FY09
	£'000	£'000
Staff costs	13,172	16,868
Depreciation of property, plant and equipment	250	363
Fees payable to the Company's auditor for the audit of the Company's annual accounts	33	32
The audit of the Company's subsidiaries, pursuant to legislation	34	31
Other services pursuant to legislation	71	59
Other services relating to taxation	15	29
Operating lease rentals: Land and buildings	195	195
Exchange (gains)/losses on hedging activities	(140)	782
Other exchange losses /(gains)	288	(538)

5 Staff costs

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

	FY10	FY09
Client Services	10	10
Research	6	4
Portfolio Management	9	4
Trading	5	4
Operations	7	5
Reporting Services	6	8
Systems	6	6
Finance, Human Resources and Legal	7	5
Administration	3	3
Compliance	2	2
Corporate	8	7
Annual Average	**69**	**58**

The Group reorganised its operational structure with effect from 1 April 2009. The employee numbers for the year ended 31 March 2009 have been restated as if the reorganisation was implemented on 1 April 2008.

The Company had no employees during the year (2009: nil).

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

	FY10	FY09
	£'000	£'000
Wages and salaries	8,875	14,408
Social security costs	1,410	1,822
Pension costs	483	489
Equity-settled share-based payments	2,404	149
Aggregate payroll costs	**13,172**	**16,868**

6 Finance income

	FY10	FY09
	£'000	£'000
Interest on short-term deposits	220	917

7 Finance costs

	FY10	FY09
	£'000	£'000
Interest on bank overdraft	-	5

8 Taxation – Group

	FY10	FY09
Tax expense comprises:	£'000	£'000
Current tax expense	4,718	7,644
Adjustments recognised in current year in relation to the current tax of prior years	(1)	(50)
Total current tax	4,717	7,594
Deferred tax charge/(income) relating to the origination and reversal of temporary differences	3	(100)
Total tax expense	**4,720**	**7,494**

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

	FY10	FY09
	£'000	£'000
Profit before taxation	16,672	26,769
Taxation at the standard rate of tax in the UK of 28%	4,668	7,495
Tax effects of:		
Other disallowable expenses and non-taxable income	13	10
Capital allowances for the period lower than depreciation	30	57
Lower tax rates on UK subsidiary undertakings	(9)	(6)
Adjustments recognised in current year in relation to the current tax of prior years	(1)	(50)
Other temporary differences	19	(12)
Total tax expense	**4,720**	**7,494**

At the year end the Group had net deferred tax assets of £143,991 (2009: £146,598). At the reporting date there were earned and unearned share options not exercised and deferred share awards with an intrinsic value for tax purposes of £350,175 (2009: £460,002). 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% (2009: 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 2010 was £4,719,102 (2009: £7,494,179) which was 28.3% of profit before tax (2009: 28.0%).

9 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.

	FY10	FY09
Weighted average number of shares used in calculation of basic earnings per share	220,668,098	220,878,796
Effect of dilutive potential ordinary shares – share options	416,830	246,472
Weighted average number of shares used in calculation of diluted earnings per share	221,084,928	221,125,268

	pence	pence
Basic earnings per share	5.39	8.73
Diluted earnings per share	5.38	8.72

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 year over 696,972 shares. During the year options were exercised, or share awards vested, over 193,364 shares. In June 2009, the Group granted a further 82,460 deferred share awards with a potentially dilutive effect.

10 Dividends

The dividends paid by the Group during the year ended 31 March 2010 totalled £13,595,519 (6.15p per share). The dividends paid during the year ended 31 March 2009 totalled £10,141,982 (4.59p per share).

11 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 £482,908 (2009: £489,490).

12 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:

	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
2010	£'000	£'000	£'000	£'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

	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
2009	£'000	£'000	£'000	£'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

	Leasehold improvements	Computer equipment	Fixtures and fittings	Total
2008	£'000	£'000	£'000	£'000
Cost				
At 1 April 2007	473	495	200	1,168
Additions	10	156	53	219
Disposals	-	(23)	-	(23)
At 31 March 2008	483	628	253	1,364
Depreciation				
At 1 April 2007	116	279	67	462
Charge for the year	96	169	48	313
Disposals	-	(22)	-	(22)
At 31 March 2008	212	426	115	753
Net book amounts				
At 31 March 2008	271	202	138	611
At 1 April 2007	357	216	133	706

13 Intangible assets

The Group's intangible assets comprise acquired software only. The carrying amounts can be analysed as follows:

	Software	Total
2010	£'000	£'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	-	-

The Company had no intangible assets in the years ending 31 March 2009 or 31 March 2008.

As at 31 March 2010 the Company is part way through the 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 go-live date 30 September 2010). The estimated useful economic life of the completed software is five years. During the year, the Company 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.

14 Investments

Company	31-Mar-10	31-Mar-09	31-Mar-08
	£'000	£'000	£'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 overlay and investment 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..

15 Deferred taxation – Group

	31-Mar-10	31-Mar-09	31-Mar-08
	£'000	£'000	£'000
Profit and loss account movement arising during the year	(3)	100	88
Asset/(liability) brought forward	146	46	(42)
Asset carried forward	143	**146**	**46**

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

	31-Mar-10	31-Mar-09	31-Mar-08
	£'000	£'000	£'000
Deferred tax allowance on unvested share options	101	103	53
Excess of taxation allowances over depreciation on fixed assets	42	43	(7)
	143	146	46

At the year end the Group had deferred net tax assets of £143,992 (2009: £146,598; 2008: £46,371) including provision for share options not exercised with an intrinsic value for tax purposes of £350,175 (2009: £460,002; 2008: £144,727). 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.

16 Trade and other receivables

	Group			Company		
	31-Mar-10	**31-Mar-09**	**31-Mar-08**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**
	£'000	£'000	£'000	£'000	£'000	£'000
Trade receivables	7,697	7,026	7,616	-	-	-
Other receivables	33	36	195	-	3	21
Prepayments	595	680	1,106	-	-	-
	8,325	**7,742**	**8,917**	**-**	**3**	**21**

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 (2009: £nil; 2008: £nil).

17 Derivative financial assets

The Group is trialling a new product, being a £1m investment in an Emerging Markets product. This is a twice geared investment that invests in 13 long emerging market currencies and 3 short currencies (being the USD, EUR and JPY). These contracts are classified as financial assets held for trading. At 31 March 2010 there were outstanding contracts with a principal value of £3,195,836 (2009: £nil; 2008: £nil) for the purchase 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 2010. The maximum exposure to credit risk is represented by the fair value of the positions and this is mitigated by using cash of £1m deposited as collateral. The principal value of the contracts that make up the Emerging Markets portfolio (£3,195,836) recognises that the aggregate principal value of a buy BRL (Brazilian real) sell USD contract and a buy USD sell BRL contract are additive although in terms of the fair value of the portfolio they would (partially) net off. Further detail including sensitivity analysis on the fair value of outstanding contracts is contained in note 24.

	Group			Company		
	31-Mar-10	**31-Mar-09**	**31-Mar-08**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**
	£'000	£'000	£'000	£'000	£'000	£'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-10	**31-Mar-09**	**31-Mar-08**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**
	£'000	£'000	£'000	£'000	£'000	£'000
Net gain on forward exchange contracts at fair value through profit or loss	**119**	**-**	**-**	**119**	**-**	**-**

18 Cash and cash equivalents

	Group			Company		
	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-10	31-Mar-09	31-Mar-08
	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand – Sterling	21,804	29,729	20,674	1,077	2,018	2,129
Cash at bank and in hand – other currencies	57	69	1,871	-	-	-
	21,861	**29,798**	**22,545**	**1,077**	**2,018**	**2,129**

The Group holds short-term deposits that are made for varying periods, depending on the cash requirements of the Group. The Group also deposits cash as collateral against the forward exchange contracts used in the trialling of its new product (2010: £1,022,578, 2009: £nil; 2008: £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.

19 Current liabilities

Amounts falling due within one year

	Group			Company		
	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-10	31-Mar-09	31-Mar-08
	£'000	£'000	£'000	£'000	£'000	£'000
Trade payables	457	130	68	-	-	-
Amounts owed to Group undertaking	-	-	-	47	28	10
Other payables	562	760	270	-	-	-
Other tax and social security	1,957	442	759	-	-	-
Accruals and deferred income	898	5,744	6,094	-	-	-
	3,874	**7,076**	**7,191**	**47**	**28**	**10**

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

Current tax liabilities

	Group			Company		
	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-10	31-Mar-09	31-Mar-08
	£'000	£'000	£'000	£'000	£'000	£'000
Corporation tax	**2,384**	**3,774**	**6,356**	**15**	**18**	**18**

Derivative financial liabilities

	Group		
	31-Mar-10	31-Mar-09	31-Mar-08
	£'000	£'000	£'000
Forward foreign exchange contracts	**149**	**13**	**23**

The Group uses forward exchange contracts to reduce the risk associated with sales denominated in foreign currencies. At 31 March 2010 there were outstanding contracts with a principal value of £4,710,619 (2009: £3,375,693; 2008: £2,840,495) 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 2010. Further detail including sensitivity analysis on the fair value of outstanding contracts is contained in note 24.

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

	Group		
	31-Mar-10	**31-Mar-09**	**31-Mar-08**
	£'000	£'000	£'000
Net gain or (loss) on fair value through profit or loss	**259**	**(782)**	**(58)**

20 Non-current assets available for sale (disposal group)

From time to time, the Group injects capital into funds operated by the Group to trial new products (seed capital). The Group has placed £1,000,000 in the Record Currency Fund Carry 250. The only other investor in this fund is Neil Record, a Director of Record plc, therefore the fund is under de facto control of the Group. In accordance with SIC-12 and IAS 27, such funds are considered to be under control of the Group and as such the fund is a subsidiary of the Group. However, as the Group is actively seeking to reduce its holding within twelve months, the fund is classified as being available for sale as it is considered highly probable that the fund 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 fund after this time, the fund ceases to be classified as available for sale and will be consolidated in full.

	Group			Company		
	31-Mar-10	**31-Mar-09**	**31-Mar-08**	**31-Mar-10**	**31-Mar-09**	**31-Mar-08**
	£'000	£'000	£'000	£'000	£'000	£'000
Seed capital classified as being available for sale	**940**	**-**	**-**	**940**	**-**	**-**

21 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.

	2010		2009		2008	
	£'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 authorised and 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**

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 2010, the EBT held 586,068 ordinary shares of 0.025p in Record plc (2009: 696,972).

22 Share-based payments

During the year ended 31 March 2010 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. Under the terms of the scheme rules, certain employees of the company may 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 equally over the next one and two years and bonus shares will vest in full only after two years. The vesting of the shares is subject to certain good leaver provisions.

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. 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, the multiple being 1 for Directors and senior employees and 0.2 for other employees. The Matching share value amount for Directors and senior employees is funded from a deduction to the cash-based profit share from the Directors and senior employees who are deemed significant shareholders. 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 which are 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 Flotation Bonus Scheme

The Record plc Flotation Bonus Scheme was adopted by the company on 15 November 2007. As a result of flotation, a cash bonus was made on a discretionary basis to certain employees. Under the terms of the scheme rules, employees were able to elect to receive a smaller cash bonus in exchange for the right to acquire a number of shares. The number of shares was 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 50% of the shares elected for) to those same employees. Elected shares vest equally over the next one and two years and bonus shares will vest in full only after two years. The vesting of the shares is subject to certain good leaver provisions. The rights to acquire the shares are issued under Enterprise Management Incentive Discounted Share Price (EMI DSP) option agreements.

The Record plc Share Scheme

The Record plc Share Scheme was adopted by the company on 1 August 2008. During the prior year 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 certain good leaver provisions. The rights to acquire the shares are issued under nil cost option agreements.

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 2010, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 586,068 (2009: 696,972; 2008: 168,287). 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 01/04/09	Granted	Exercised	At 31/03/10	Exercise price £	Exercise / vesting date: From	Exercise / vesting date: To
Flotation Bonus Scheme							
21/12/07	108,847	-	(108,847)	-	£0.00	21/12/08	21/12/09
Record plc Share Scheme							
04/08/08	170,245	-	-	170,245	£0.00	04/08/10	04/08/12
01/09/08	215,053	-	-	215,053	£0.00	01/09/10	01/09/12
	385,298	-	-	385,298			
Total options	**494,145**	**-**	**(108,847)**	**385,298**			
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.

The share price at the date of exercise of the Record plc Flotation Bonus Scheme options above was £0.83 per share.

Date of grant	At 01/04/09	Granted	Vested	At 31/03/10	Vesting date: From	Vesting date: To
Record plc Group Bonus Scheme						
20/06/08	99,158	-	(41,320)	57,838	20/06/09	20/06/10
28/11/08	103,669	-	(43,197)	60,472	28/11/09	28/11/10
30/06/09	-	82,460	-	82,460	30/06/10	30/06/11
Total deferred share awards	**202,827**	**82,460**	**(84,517)**	**200,770**		

During the year shares vested on 20 June 2009 and 28 November 2009, the first anniversary of the respective scheme above. The share price at each vesting date was £0.60 and £0.84 per share respectively.

The Directors had no interests in the combined share schemes at the beginning of the period. As at 31 March 2010, under the terms of the Group Profit Share Scheme, Paul Sheriff held 231,033 ordinary shares via a nominee.

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..

23 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.

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 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's maximum exposure to credit risk is as follows:

Financial assets at 31 March

	2010	2009	2008
	£'000	£'000	£'000
Trade receivables	7,697	7,026	7,616
Other receivables	33	36	195
Available for sale financial assets (disposal group)	940	-	-
Other financial assets at fair value through profit or loss	98	-	-
Cash and cash equivalents	21,861	29,798	22,545
	30,629	**36,860**	**30,356**

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:

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

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

	Carrying amount	**Neither impaired nor past due**	**0-3 months past due**	**More than 3 months past due**
At 31 March 2008	£'000	£'000	£'000	£'000
Trade receivables	7,616	7,616	-	-

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 44 debtor balances (2009: 57; 2008: 63). The largest individual debtor corresponds to 33% of the total balance (2009: 21%; 2008: 14%). The average age of these debtors, based on the generally accepted calculation of debtor days, is 84 days (2009: 54; 2008: 42) 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 debtor 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. 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 (2009: 14 days; 2008: 9 days).

Contractual maturity analysis for financial liabilities:

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

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

	Due or due in less than 1 month	Due between 1 to 3 months	Due between 3 months to 1 year
At 31 March 2008	£'000	£'000	£'000
Trade and other payables	1,097	-	-

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.

	Fixed rate	Floating rate	Not directly exposed to interest rate	Total
At 31 March 2010	£'000	£'000	£'000	£'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)**

	Fixed rate	Floating rate	Not directly exposed to interest rate	Total
At 31 March 2009	£'000	£'000	£'000	£'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)**

	Fixed rate	Floating rate	Not directly exposed to interest rate	Total
At 31 March 2008	£'000	£'000	£'000	£'000
Financial assets				
Trade and other receivables	-	-	7,811	7,811
Cash and cash equivalents	22,315	230	-	22,545
Total financial assets	**22,315**	**230**	**7,811**	**30,356**
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	-	(23)	(23)
Trade and other payables	-	-	(1,097)	(1,097)
Total financial liabilities	**-**	**-**	**(1,120)**	**(1,120)**

Interest rate exposure and sensitivity analysis

			If interest rates were 0.5% higher		If interest rates were 0.5% lower	
	Carrying Amount	Average interest rate	Net profit	Equity	Net profit	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	Net profit	Equity	Net profit	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

			If interest rates were 0.5% higher		If interest rates were 0.5% lower	
	Carrying Amount	Average interest rate	Net profit	Equity	Net profit	Equity
At 31 March 2008	£'000	%	£'000	£'000	£'000	£'000
Cash and cash equivalents	22,545	5.88	27,984	18,620	27,843	18,479

The average rate is calculated as the weighted average effective interest rate. The tables above show the effect on 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 was £148,855 (2009: £12,758; 2008: £23,116). Losses on the forward exchange contracts were £140,466 in the year (2009: gain of £782,627; 2008: gain of £57,660). The future transactions related to the forward exchange contracts are expected to occur within three months of the year end. 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 2010, the Group invoiced the following amounts in currencies other than Sterling.

	Local currency value	**Value in reporting currency**
	'000	**£'000**
US Dollar (USD)	20,744	13,076
Swiss Franc (CHF)	6,925	4,092
Euro (EUR)	1,063	941
Canadian Dollar (CAD)	1,025	592
Total		18,701

The value of revenues for the year ended 31 March 2010 that were denominated in currencies other than Sterling was £18.7m (56% of total revenues). For the year ended 31 March 2009: £20.8m being 44% 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	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
10% weakening in the £/US$ exchange rate	12,684	19,985	26,432	27,901
10% strengthening in the £/US$ exchange rate	11,353	18,695	25,101	26,610
10% weakening in the £/€ exchange rate	12,005	19,379	25,753	27,295
10% strengthening in the £/€ exchange rate	11,909	19,190	25,657	27,106
10% weakening in the £/CAD$ exchange rate	11,985	19,316	25,733	27,232
10% strengthening in the £/CAD$ exchange rate	11,925	19,242	25,673	27,158
10% weakening in the £/CHF exchange rate	12,181	19,584	25,929	27,500
10% strengthening in the £/CHF exchange rate	11,765	19,022	25,513	26,938

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 an historical basis and market expectations for future movement. When applied to the average Sterling/USD exchange rate of $1.586/£ this would result in a weakened exchange rate of $1.428/£ and a strengthened exchange rate of $1.745/£. 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 an historical basis and market expectations for future movement. When applied to the average Sterling/Euro exchange rate of €1.130/£ this would result in a weakened exchange rate of €1.017/£ and a strengthened exchange rate of €1.243/£. 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 an historical basis and market expectations for future movement. When applied to the average Sterling/CAD exchange rate of CAD$1.731/£ this would result in a weakened exchange rate of CAD$1.558/£ and a strengthened exchange rate of CAD$1.905/£. 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 an historical basis and market expectations for future movement. When applied to the average Sterling/CHF exchange rate of CHF1.692/£ this would result in a weakened exchange rate of CHF1.523/£ and a strengthened exchange rate of CHF1.862/£. This range is considered reasonable given the historic changes that have been observed.

Carry 250 product trial

The Group has seeded a new product, which is a fund that tracks the FTSE Currency FRB5 Index by holding a portfolio of developed market currency deliverable forward exchange contracts. The fund is 2.5 times geared, and the value of the Group's investment as at 31 March 2010 was £940,337. The investment is recognised as an available for sale financial asset and as such, all gains and losses are recognised in other comprehensive income. The Group has provided the following data in respect of sensitivity to this product trial. As the product trial started in October 2009, no comparative data is provided.

	Profit for the year 2010 (£'000s)	Equity 2010 (£'000s)
10% depreciation in the FTSE Currency FRB5 Index	11,720	25,514
10% appreciation in the FTSE Currency FRB5 Index	12,091	25,886

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 product, managing 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 fund is 2 times geared, and at the year end the Group had allocated capital of £1,022,578 to this product trial. The Group has provided the following data in respect of sensitivity to this product trial. As the product trial started in November 2009, no comparative data is provided.

	Profit for the year 2010 (£'000s)	Equity 2010 (£'000s)
20% depreciation in the Emerging Market portfolio	11,629	25,377
20% appreciation in the Emerging Market portfolio	12,275	26,023

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

The Group adopted the amendments to IFRS 7 Improving Disclosures about Financial Instruments, effective from 1 January 2009. These amendments require the Group to present certain information about financial instruments measured at fair value in the statement of financial position. In the first year of application comparative information need not be presented for the disclosures required by the amendment. Accordingly, the disclosure for the fair value hierarchy is only presented for the 31 March 2010 year end.

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:

		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)	-
Available for sale financial assets					
Available for sale investments	b	940	-	940	-
		889	-	889	-

There have been no transfers between levels in the reporting period.

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) Available for sale investments

Record plc has invested in Record Currency Fund Carry 250. Although this fund is priced daily, it is currently a closed fund and therefore the fund is not actively traded and, according to the Directors' interpretation of the standard, the investment in the fund is most appropriately categorised as level 2.

Classes and fair value of financial instruments

Financial assets

	2010		2009		2008	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	£'000	£'000	£'000	£'000	£'000	£'000
Available for sale financial assets	940	940	-	-	-	-
Derivative financial instruments at fair value through profit or loss	98	98	-	-	-	-
Cash and cash equivalents	21,861	21,861	29,798	29,798	22,545	22,545

Financial liabilities

	2010		2009		2008	
	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	149	149	13	13	23	23

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	Available for sale
At 31 March 2010		£'000	£'000	£'000	£'000	£'000
Available for sale financial assets	20	-	-	-	-	940
Trade and other receivables (excludes prepayments)	16	7,730	-	-	-	-
Cash and cash equivalents	18	21,861	-	-	-	-
Other financial instruments at fair value through profit or loss	17, 19	-	-	98	(149)	-
Current trade and other payables	19	-	(6,258)	-	-	-
		29,591	**(6,258)**	**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	Available for sale
At 31 March 2009		£'000	£'000	£'000	£'000	£'000
Trade and other receivables (excludes prepayments)	16	7,062	-	-	-	-
Cash and cash equivalents	18	29,798	-	-	-	-
Other financial instruments at fair value through profit or loss	17, 19	-	-	-	(13)	-
Current trade and other payables	19	-	(10,850)	-	-	-
		36,860	**(10,850)**	**-**	**(13)**	**-**

	Note	Loans and receivables	Financial liabilities measured at amortised cost	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale
At 31 March 2008		£'000	£'000	£'000	£'000	£'000
Trade and other receivables (excludes prepayments)	16	7,811	-	-	-	-
Cash and cash equivalents	18	22,545	-	-	-	-
Other financial instruments at fair value through profit or loss	17, 19	-	-	-	(23)	-
Current trade and other payables	19	-	(13,547)	-	-	-
		30,356	**(13,547)**	**-**	**(23)**	**-**

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 2010 was £nil (2009: £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 (2009: £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 (2009: £86,000). Those premises have been sublet at the same rate from May 2006 and the lease expires in December 2011.

At 31 March 2010 the Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	2010	**2009**	**2008**
	£'000	£'000	£'000
Not later than one year	277	316	316
Later than one year and not later than five years	926	342	657
Later than five years	287	-	-
	1,490	658	973

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

	2010	2009	2008
	£'000	£'000	£'000
Not later than one year	86	86	86
Later than one year and not later than five years	65	151	237
	151	237	323

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 14, which includes a description of the nature of their business.

	2010	2009
	£'000	£'000
Amounts due to subsidiaries	47	28
Amounts settled by subsidiaries on parent's behalf	110	125
Net dividends received from subsidiaries	13,615	9,930

Transactions with Record Currency Fund - Carry 250

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

	2010	2009
	£'000	£'000
Investment in Record Currency Fund - Carry 250 at cost	1,000	-

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.

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:

	2010	**2009**
	£'000	£'000
Short-term employee benefits	5,866	10,947
Post-employment benefits	325	319
Share-based payments	2,171	149
Dividends	7,669	5,767
	16,031	17,182

Directors' remuneration

	2010	**2009**
	£'000	£'000
Aggregate emoluments of the Directors		
Emoluments (excluding pension contribution)	3,754	6,402
Pension contribution	150	198

During the year, five Directors of the Company (2009: six) participated in the Company's Group Personal Pension Plan, a defined contribution scheme.

As at 31 March 2010 there was an outstanding balance due from L F Hill in respect of personal expenses paid by the Company. The balance was settled in full in April 2010.

	Outstanding at 1 April 2009	Outstanding at 31 March 2010	Maximum liability in period
Name	£	£	**£**
L F Hill	4,524	700	5,201

29 Ultimate controlling party

As at 31 March 2010 the Company had no ultimate controlling party, nor at 31 March 2009.

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.

32 Statutory Accounts

This statement was approved by the Board on 14 June 2010. The financial information set out above does not constitute the company's statutory accounts. The statutory accounts for the financial year ended 31 March 2009 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 237(2) and (3) of the Companies Act 1985. The statutory accounts for the financial year ended 31 March 2010 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.