



RECORD

**Modernisation and
diversification...
building on our
strong core**

Record plc
Annual Report 2021

Our purpose

Our purpose: to deliver innovative, thought leading and practical solutions to the needs of currency market users and investors, while maintaining independence and integrity.



FX GLOBAL
CODE

INVESTMENT 20/20
See your future in finance
Part of The Investment Association



**Swiss
Sustainable
Finance**

**PENSIONS
FOR
PURPOSE**

TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



Our highlights

Assets Under Management
Equivalents¹ (“AUME”)

\$80.1bn

2020: \$58.6bn

+37%

Earnings per share

2.75p

2020: 3.26p

-15.6%

Revenue

£25.4m

2020: £25.6m

-0.8%

Ordinary dividend per share

2.30p

2020: 2.30p

0%

Profit before tax

£6.2m

2020: £7.7m

-20.5%

Special dividend per share

0.45p

2020: 0.41p

+9.8%

Strategic report

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1. As a currency manager, Record manages only the impact of foreign exchange and not the underlying assets, therefore its “assets under management” are notional rather than real. To distinguish this from the AUM of conventional asset managers, Record uses the concept of Assets Under Management Equivalents (“AUME”) and by convention this is quoted in US dollars. AUME is an alternative performance measure and further detail on how it is defined is provided on page 136.

About us

A client-focused approach. A culture of integrity. Strengths developed through 38 years of experience.

\$50.3bn

AUME
Europe (excluding UK)

63%

Who we are

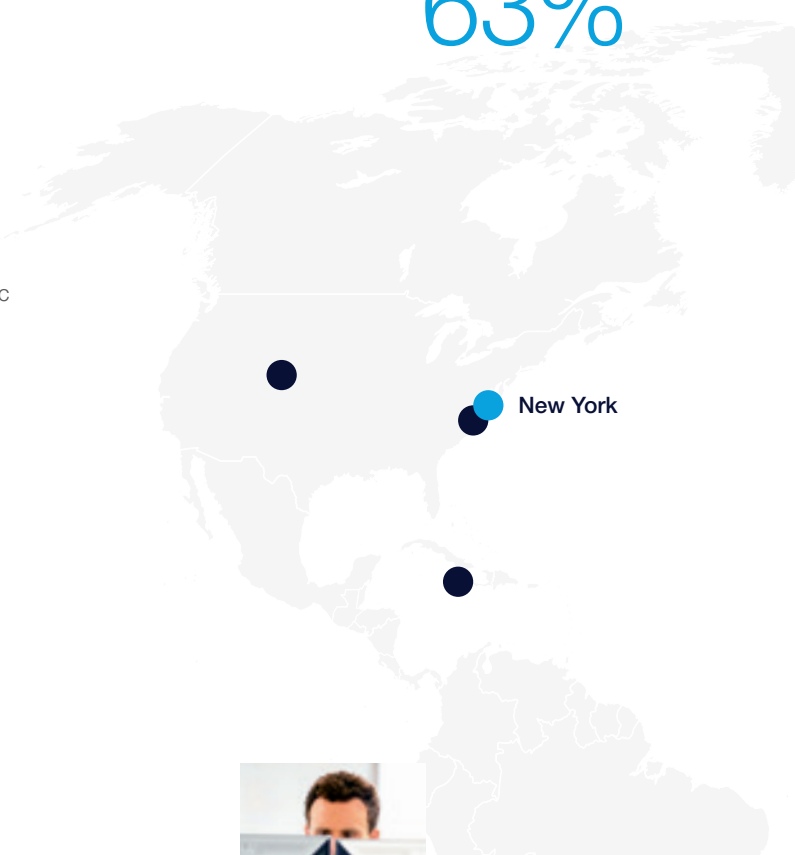
We are an independent, specialist currency and derivatives manager with over 38 years of experience which has allowed us to develop a deep and fundamental understanding of the risk and reward opportunities within those markets. Record plc has a premium listing on the Main Market of the London Stock Exchange.

What we do

We listen to our clients and use our years of experience and thought leadership in currency and derivatives markets to develop solutions tailored to their individual investment challenges, including robust and innovative products and market-leading service levels.

Our range of products typically assist our clients in achieving either their risk-reduction or return-seeking objectives, or alternatively our bespoke Multi-product mandates have combined risk-reducing and return-seeking objectives.

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



Our success will depend upon reinforcing, and further building on, the cornerstones to our strategy, which are:

Quality client experience

Technology and innovation

Talent development

Quality client experience

Superior service is core to our client proposition and we achieve this on various levels by assigning a dedicated and experienced relationship manager to oversee each client portfolio. Direct communication between our operational and administrative specialists with each client's own internal functions builds on the general level of interaction with the client and underpins the overall "trusted adviser" relationship.

\$19.2bn

AUME
North America

24%

\$8.2bn

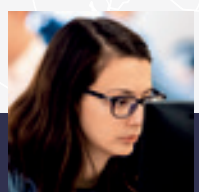
AUME
United Kingdom

10%

\$2.4bn

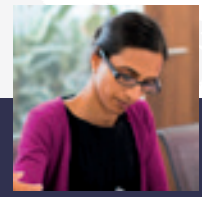
AUME
Rest of the world

3%



Technology and innovation

Over the last 38 years Record has developed a leading position in its sector. Our knowledge of the currency and derivatives market is sustained by our research, and results in innovative products and continued process enhancement whilst incorporating advances in technology.



Talent development

We aim to develop and retain a diverse pool of talent which is key to delivering our “best in class” business model and ensuring the long-term stability of the business.

Where we operate

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

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

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

- Key**
- Head Office (Windsor)
 - Sales office
 - Client locations

Chairman's statement

In a challenging year, our focus has been first on resilience, and then on creating the environment for change.



Neil Record
Chairman

In my statement last year, I stated that 2020 would be noted as the Coronavirus year, and little did I expect to be writing this year's statement whilst still emerging from the restrictions imposed under the UK's third lockdown.

In combination with the final outcome of the Brexit negotiations, this year has indeed been one of challenge and uncertainty where a firm's ability to adapt has been fundamental to its continued success, or *in extremis* its very existence.

Our business has responded well to the challenges – our operational resilience and commitment to both our clients and our people remains uppermost, and our strong and liquid balance sheet continues to support the transition under the new business strategy in terms of renewed focus on growth, modernisation and succession.

The two imperatives set out by the Board last year were to orientate the firm for growth, through a programme focused on both modernisation and diversification, and to establish a plan for succession in the most senior executive posts at Record. Significant progress has been made in both with focus on the development of new products including Record's EM Sustainable Finance Fund, and also with changes seen at senior management and Board level, further details of which are set out below and in Leslie Hill's CEO report on page 6.

Financial overview

Growth in management fees of 8% (+£1.7 million) offset the reduction in performance fees of £1.7 million versus FY-20, and consequently revenues remained broadly in line with last year at £25.4 million (2020: £25.6 million).

Increased costs linked to the restructuring of the business and investment both in our people and technology led to a 20% decrease in operating profit, broadly in line with expectations, to £6.1 million (2020: £7.6 million), and a reduction in earnings per share to 2.75 pence (2020: 3.26 pence).

Further information on AUME flows and financial results can be found in the Operating review and Financial review sections on pages 36 and 39 respectively.

Group strategy

Beyond ensuring Record's ability to survive enforced transition to home working, the first complete year under Leslie Hill's leadership has been focused on delivering modernisation, diversification and growth.

Modernisation is primarily related to the firm's IT capabilities. It has become clear to the Board that Record's IT infrastructure is in need of upgrading and investment; that the well-established client-server business IT structure is giving way to significant advances in technology. This transition also opens the door to new applications to streamline workflow and the management of the large amount of data that a modern firm like Record utilises. To this end, approximately £0.4 million has already been invested, with further investment into new projects of approximately £0.8 million anticipated in the current financial year (FY-22), including a mix of both operational and capital expenditure.

The Board has also decided to begin to diversify by widening Record's investment offerings beyond the existing suite of currency-related products and services. Several initiatives in this category are now underway, and we will be reporting them to investors when (and if) each reaches implementation stage.

Record's last decade was one of consolidation following the extraordinary period of the Global Financial Crisis. The Board has now decided to change the focus from consolidation to growth, and has asked management to put growth at the top of the priority list. As mentioned above, it is highly likely that some new lines of business will not include currency management as their primary focus.

Further detail on our strategy and goals and our progress made against initiatives can be found under "Strategic priorities and goals" on pages 20 to 23.

Capital and dividend

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

Our dividend policy targets a level of dividend which is at least covered by earnings and which allows for sustainable dividend growth in line with the trend in profitability. It is also the Board's intention, subject to financial performance and market conditions at the time, to return excess earnings over ordinary dividends for the financial year and adjusted for changes in capital requirements, to shareholders, normally in the form of special dividends.

The Board is recommending a final ordinary dividend of 1.15 pence per share (2020: 1.15 pence), with the full-year ordinary dividend at 2.30 pence, which is equivalent to the full-year ordinary dividend in respect of the prior year (2020: 2.30 pence). The interim dividend of 1.15 pence per share was paid on 31 December 2020, and the final ordinary dividend of 1.15 pence per share will be paid on 10 August 2021 to shareholders on the register at 2 July 2021, subject to shareholders' approval.

The Board is pleased with the progress made in the year from the change in strategy, as evidenced by the increases in AUME and client numbers, the change in revenue mix towards higher-margin products, and the development of new products including the Record EM Sustainable Finance Fund.

Notwithstanding the more positive outlook arising from the end of the third lockdown in the UK, the Board remains conscious of the potential longer-term effects from the pandemic and the uncertainty that remains in this respect. Consequently the need remains for a measured and prudent approach to ensuring the business retains sufficient capital and liquidity to withstand any negative impacts arising, whilst also allowing the business to continue to invest in implementing its new strategy.

Against this backdrop, the Group has reviewed its capital requirements taking account of the current market conditions and its anticipated costs and regulatory capital requirements, set against the solid platform for revenue growth delivered from the increase in AUME and the expected product launch in the current financial year. Consequently, the Board considers the current level of capital to be sufficient and is announcing a special dividend of 0.45 pence per share to be paid simultaneously with the final ordinary dividend. Total dividends for the year are 2.75 pence per share (2020: 2.71 pence) compared to earnings per share of 2.75 pence per share (2020: 3.26 pence).

The Board will continue to consider ordinary dividends and other distributions to shareholders on a "total distribution" basis. The total distribution for any year will be at least covered by earnings, and will always be subject to the financial performance of the business, the market conditions at the time and to any further capital assessed as required under the policy described above.

The Board

Bob Noyen stepped down from the Board of Record plc in February 2021 and subsequently relinquished his role as Chief Investment Officer, effective 31 March 2021. Bob agreed to assist with the transition and maintenance of client relationships by providing continued support over the next financial year. Bob's knowledge, market experience and energy have been invaluable over almost 22 years at Record, and on behalf of my colleagues I would like to thank him and wish him well for the future.

As previously announced on 4 June, Jane Tufnell will be stepping down from the Board for personal reasons at the Company AGM on 27 July. On behalf of the Board, I would like to thank Jane for her invaluable contribution and dedication since joining Record's Board back in 2015, and wish her well for the future.

Outlook

The covid-19 pandemic; the associated switch to home working; and the implications arising from the huge fiscal support provided by many governments has meant that the already difficult job of forecasting the outlook has become even more difficult. At the macro-level, the scale of developed-country debt, the now long-standing near-zero interest rates, and the imperative to get economies back on their feet means that both fiscal and monetary policies are pointing strongly in the same, expansionary, direction. While goods and services inflation has been quiescent for a decade or more, asset-price inflation, especially in certain sectors, has been rampant. Adding this background to a renewed period of digitisation of core service provision, and the rapidly rising appetite for the elimination of fossil fuels in industrialised economies, and there appears to be a potent brew for change.

At a more geographic level, with Brexit now complete, Record has established a physical presence within the EU to minimise any cross-border regulatory barriers.

In summary, the Board has set a course that is designed to take advantage of the opportunities that appear in this newly uncertain era, while cognisant that unpredictable change brings unanticipated risks. I am confident that with our new management in place we can deliver on such opportunities.

Neil Record

Chairman

16 June 2021

Chief Executive Officer's statement

Our AUME growth and its diversification into our higher-margin products gives us a solid platform for revenue growth into FY-22.



Leslie Hill
Chief Executive Officer

We have had a very busy year since our last Annual Report to you all, and lots of things have gone rather well.

I see the challenges we face as similar to those one would face when modernising and improving a house whilst still living in it, and also constantly receiving those much valued paying guests who are our clients. During the year we've made good progress and we are, with care and careful planning, seeing some real results which we can share with you all.

Progress against strategy

Our deep desire to diversify our business, both by showing new ideas to existing clients, and also by engaging with entirely new clients, is still at the heart of what we are doing. The longevity of our client relationships is a source of real pride to us all and will continue; I often feel we are not so good at getting clients (but getting better as we offer more and better products) but we are really good at keeping them once we have them. Now if we can combine that with exciting new projects then I am confident we can move forward over the next decade without losing momentum.

What has gone well? I would like to show you this by highlighting some of our key staff and their contribution, as we are, above all, a team effort.

Diversification

The move into some higher-margin products, which I think should continue, is critical to our long-term success. Our EM Sustainable Finance Fund, which we anticipate launching imminently, while tricky to develop and set up, with a lot of complex needs and requirements to ensure it is robust and scaleable, is one such example. We think this move into both Impact and Sustainable investing is one that our clients want and so will last, and we plan to stay in the forefront of this movement and keep investing, to ensure we are always relevant. The Head of our Swiss office Dr Jan Witte is to be commended for his diligence, patience and tenacity to get this project up and running. He is a powerhouse, and a real pleasure to work with.

Assets Under Management
Equivalents ("AUME")

\$80.1bn

2020: \$58.6bn

+37%

Modernisation

Our modernisation plans, the work on our tech stack, our processes and our in-house capabilities is quite a long and complex project. We are fortunate that the software we need is now available at attractive prices and we are finding that the growth agenda at Record has increased our ability to attract more talent into the team, from all over the globe – perhaps one of the very few silver linings to come out of the pandemic. Our Director of IT and Strategic Initiatives, Rebecca Venis, has shown us how a really clever agile mind, coupled with a perennial curiosity and an understanding of the world of digital finance, together with an apparently inexhaustible source of energy, can be put to work with great results. Her contribution has been and continues to be awe-inspiring.

Succession

Our staff are our greatest asset and they have worked hard over the last year, putting their own wishes and desires to one side to, in the words of Spike Lee “do the right thing” in every way. If we did not have such a great HR team in Kevin Ayles and Liz Goddard we would be lost; they have worked so hard at pastoral care throughout a challenging period, whilst helping me implement necessary changes to allow for succession planning. They are both great assets to Record – skilled, kind and practical.

I am proud to say all of these staff are now meaningful equity owners and we plan to continue to roll out the share ownership and options programme going forward, so that everyone who is a big part of our future can feel engaged, empowered and sufficiently aligned.

After over 21 years at Record our CIO Bob Noyen handed over to Dr Dmitri Tikhonov. While we are glad to see Bob take a well-earned reduction in hands-on responsibility it is great to see Dmitri, who has himself been at Record for over 18 years, step up and take the reins. His calm and thoughtful approach to solving our investment issues and challenges is very welcome and his team is delighted to have the chance to step up themselves and take more responsibility.

Asset flows and financial performance

Solid progress has been made in growing our AUME, which closed the year at \$80.1 billion, its highest ever level and up 37% over last year. Total net inflows for the year of \$9.7 billion spread across our hedging products and also our Multi-product strategy were further bolstered by positive movements both in markets and FX of \$8.4 billion and \$3.4 billion respectively. This AUME growth and its diversification into our higher-margin products, in addition to the expected new fund launch, gives us a solid platform for revenue growth into FY-22.

Detailed analysis of AUME is provided on pages 36 to 38.

Whilst revenues of £25.4 million remained broadly flat on last year, our increased costs associated with the implementation of our strategy have resulted in a decrease to our short-term profitability broadly in line with expectations, reducing our operating margin to 24% (2020: 30%) and our profit before tax by 19% to £6.2 million (2020: £7.7 million).

The Financial review on pages 39 to 41 gives additional commentary.

Outlook

I am personally quite pleased with the progress made during a difficult and challenging first year at the helm. Notwithstanding the short-term decrease in our profits for FY-21, we go into FY-22 with our highest ever AUME, the anticipated launch of our new EM Sustainable Finance Fund in collaboration with the largest Wealth Manager in Switzerland, and with the benefits of our modernisation starting to bear fruit.

First and foremost, we remain committed to our clients and to our talented team of employees who themselves have shown great commitment and adaptability through a period of external challenge and internal change.

We also remain committed to our new strategy, which I believe has already started to deliver the growth, modernisation and diversification that the business needs and I look forward to building on this further into FY-22 alongside the talented team we are lucky enough to have here at Record.

Leslie Hill

Chief Executive Officer

16 June 2021

Business model

Our business model depends on our relationships and our people.

Relationships and resources

Our clients

- We are client-led – client relationships are the keystone of our success. Only by building strong, long-term “trusted adviser” relationships with our clients can we fully understand their current requirements and future investment objectives, which enables us to develop effective solutions for their needs.

Our experience


- We are a specialist currency and derivatives manager with over 38 years’ experience – we have a fundamental understanding of how currency markets operate, which we have used to develop a leading position in managing currency and derivatives for institutional clients.

Our people

- We view our ability to attract, retain and motivate highly talented staff as key to organisational stability and long-term success.
- Our recruitment process is carefully structured to ensure that talented people with the right skills and experience are recruited into the Group.

Technology and infrastructure


Investing in new technology is essential for ensuring our business remains competitive in terms of our client servicing, our product innovation and productivity, and for maintaining profitability.

 see page 22

Our operational infrastructure is built around how we service our clients and ensures a collaborative approach across all sections of the business. Refer to “Technology and innovation” on page 22 for further information.


Our financial resources

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

 see page 101

Our core stakeholder groups:

- Clients
- Our people
- Shareholders
- Society
- External suppliers
- Regulators

 see pages 34 and 35

What we do

Our investment process

We seek to identify and understand persistent patterns that exist within currency markets that are rooted in macroeconomic cycles, global risk management activity, as well as structural and behavioural features of investment activity. By understanding these patterns, whether they be market inefficiencies or risk premia, we can develop both risk mitigation and value-adding strategies.

We develop robust systematic processes, with macro and market-informed portfolio positioning and intelligent risk management oversight, which offer the best chance to achieve client objectives once implemented within our rigorous operational environment.

We continually test the underlying assumptions that support our investment beliefs and practices. This constant cycle of challenging and reviewing our investment philosophies drives product enhancement and new product development alongside the requirements of, and in collaboration with, our clients.

Our independence and transparency

We act as an independent agent for each of our clients. Being independent from any banks or brokerage firms, we remain unconflicted and fully able to act in our clients' best interests and to fulfil our fiduciary obligations. Everything we do is for our clients. We are fully transparent in terms of our costs – our only source of revenue is from client fees and we make no money from spreads.

Our operational risk management






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

Our distribution

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

More detailed information on our products and distribution is provided on pages 10 to 14.

What we deliver

-  **Our products** see page 10
-  **Premium client service** see page 21
-  **Rewarding careers** see page 23
-  **Thought leadership** see page 22
-  **Shareholder value** see pages 24 and 25

How we generate cash

Revenue generation

Our revenue comes from management fees and performance fees. Management fees are charged based upon levels of Assets Under Management Equivalents ("AUME"). Fee rates vary between products and clients depending on factors such as product type, mandate size and the level of tailoring to individual client requirements. Performance fees are typically charged as a percentage of investment performance above a benchmark or a previous higher valuation "high water mark".

Expenditure

Record is a service company and our biggest asset is our people. The majority of the Group's costs comprise personnel costs, representing remuneration for individuals across all areas of the business including the client-facing teams and the teams responsible for managing the Group's operations and infrastructure. The Group also has non-personnel costs representing, for example, the overheads incurred in running and maintaining the offices day-to-day, and payments to suppliers.

Investment

Cash can be used for investment purposes such as the seeding of new funds or investment into new infrastructure and technology.

Delivering value

By building strong relationships with our clients and providing high levels of client service and tailored solutions, we generate value for our clients, employees, shareholders and our other stakeholders.

Cash generative business model

Our business model is net cash generative, allowing us to remain independent, self-financing with no external debt, and to return surplus cash to our shareholders in the form of dividends.

Further details of cash generation can be found on page 103.

Net operating cash inflow:

£6.3 million
(FY-20: £6.5 million)

Closing share price:

70.0p
(FY-20: 26.3p)

Total dividends per share:

2.75p
(FY-20: 2.71p)

Products and distribution

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

Strategic approach

Record's strategic sales objective is to drive accelerated revenue growth diversified by product, geography and client type. It aims to achieve this objective with a sharp focus on the following four items: a broad range of flagship products; strategic partnerships with our clients and the highest levels of client service; strong relationships with third parties including investment consultants; and a targeted approach to the sales process leveraging technology. As discussed elsewhere in this report, the technological investment that the business is making is critical for the distribution effort. On the one hand, this is expected to underpin the sales and relationship management process. On the other hand, it will enable us to deliver innovation within our existing service suite as well as integrating new strategies to continue to meet and exceed our clients' needs.

Flagship products

Record has been a specialist currency manager for almost 40 years and continues to put tailored currency solutions, both risk management and return-seeking, at the core of our offering. This has led to two key mandate successes with US clients this year where our pedigree in systematic investment processes and experience managing large accounts has contributed significantly to those wins.

However, we recognise that demand for such services is not consistent from all investor types or at all times. Over the course of FY-21, we have made significant progress in developing our offering, listening carefully to the needs and desires of our existing and prospective clients. These developments aim to align the best of what Record can offer both in terms of underlying product design and tailored implementation and client service, with the challenges that we find our clients facing.

One such development is the Record EM Sustainable Finance Fund in partnership with a large Swiss Wealth Manager, more information on which is given in the case study on page 15. The challenge identified was to find ethical debt investments in Emerging Markets, which can potentially have a positive impact in those countries and in their development. Record has long-standing experience in Emerging Markets as well as strong counterparty relationships and pioneering expertise in ESG within the currency arena which have enabled the design of a strategy to address the challenge faced by that client.

Another example marries Record's in-house experience with third party expertise, specifically in the area of supply chain finance. In this case the core of the offering comes from an Asian asset manager with unrivalled access to receivables from the supply chains of leading Western corporates. In combination with Record's skill in designing solutions to meet clients' needs, as well as our investor network and client service, we have an attractive offering to yield hungry investors, whatever their base currency.

While we envisage that both of the strategies outlined will be significant contributors to Record's sales in the years to come, we see this client-led, building block approach as being a foundation of Record's future success. As we develop our collaborations and partnerships with institutional investors and other managers, we see an expansion of our toolkit as being a primary driver of growth in the business, increasing the value we can add and our appeal to clients old and new.

Clients as partners

Paramount to developing desirable, valuable flagship products is the input of, and engagement with, prospective clients so that they truly meet their needs and are a solution to challenges they face. Record has long prided itself on client retention and exceptional levels of client service and this forms the base for the creation of any new product or service.

Where possible, we aim to forge long-term partnerships with clients, acting as their trusted advisers. Working in this way with clients, where both sides understand the other's capabilities and desires, allows us to design solutions that directly address the real investment challenges faced by them.

Working with third parties

Investment consultants have long formed a key part of Record's client engagement and sales strategy and have contributed significantly to our success. That remains as true as ever and we see a focus on investment consultants playing a pivotal role in our future growth. As the range of services that we offer expands with both flagship products and tailored solutions, so does the scope for our engagement with investment consultants and we aim to draw on these partnerships and the "best-in-class" idea generation from both sides to expand our client reach.

Additionally, we intend to work closely with a few carefully selected partners in order to broaden our reach in certain target markets and geographies and to accelerate product development. We recognise that alongside desirable products, trust is the key ingredient in driving growth and putting the right idea in front of the right person is critical. Partnering with firms that are able to leverage the right expertise helps us to expand our reach and allows us to present our solutions to the right investors in the right way.

A targeted approach

Like every other investment manager, the pandemic has seen Record's Client Team grounded and glued to video calls. While this has proven a challenge at times, the embrace of technology across our clients, prospects and partners has opened up opportunities. With geographic borders and physical distance less of a hindrance than ever before, the team will be using technology to expand its capabilities in reaching a wider audience than was previously possible. However, a wider audience does bring the risk of a diluted message and focus on real tangible synergies between our capabilities and the needs of our prospective clients is more critical than ever.

Tailored geographic needs

Record has long appreciated the different demand for services and products in the various regions in which we operate, focusing accordingly. Indeed these different perspectives have been key to Record's success since a challenge on one side of a currency pair can be an opportunity for the other side.

These geographic differences continue to be reflected in the demand we are seeing for flagship products. The US continues to demonstrate interest in Dynamic Hedging, both for risk management and return-seeking purposes, with the former fuelled in significant part by the continued uncertainty in the path of the US dollar. Canadian interest also centres on Dynamic Hedging strategies but driven more by a desire to reduce and optimise the currency risk embedded in increasingly international exposures.

In the UK, there has been a renewed focus on working with fellow asset managers where we can add significant value through both investment and operational currency expertise as they seek to broaden their investments and client base geographically. We have also seen significant interest from insurance prospects looking for supply chain finance and yield that sits comfortably under solvency legislation.

European demand continues to be characterised by two key themes: passive currency risk management and the ever present search for yield. The latter has seen us lay some very exciting groundwork for a suite of bespoke yielding products, in collaboration with trusted partners. Early market sounding has given indications that these will prove popular with a new European client base, struggling for attractive investments in a world of negative yields.

Finally, we have seen an uptick in demand from Asia, historically a smaller market for Record, including an appetite for active risk management, as well as yield enhancements, from rapidly internationalising institutional investors in Asia.

Products

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

Currency Risk Management

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

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

Passive Hedging

Passive Hedging mandates have the cost-effective reduction of currency risk as their sole objective. This is achieved through symmetrical and unbiased elimination of currency exposure from clients' international portfolios.

Core Passive Hedging

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

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

Enhanced Passive Hedging

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

Dynamic Hedging

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

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

Signal Hedging

Record has a licensing agreement with WisdomTree, the New York-headquartered exchange-traded fund and exchange-traded product sponsor and asset manager, under which it provides signals that are used to dynamically hedge currency exposures within WisdomTree's rules-based index family, and which includes the hedging of emerging market currencies.

Since Record is not managing the exchange-traded funds included under such licences, assets under management in these funds do not contribute to Record's AUME. Record reports revenues arising from these licensing agreements under "Other currency services income".

Audit and fiduciary execution

Record offers transparent and cost-effective fiduciary execution for clients wishing to undertake foreign exchange transactions (spot and forward) which are unrelated to their currency hedging or investment mandates. All trades are executed by Record (as agent) in the client's name, and in accordance with best execution practices. Clients benefit from both the wholesale pricing Record is able to achieve for their trades, as well as from the knowledge that their transactions are undertaken on a best execution basis.

For clients whose FX transactions are undertaken by a third party (e.g. FX custodian), Record offers currency audits using comprehensive price data (both internal and externally sourced). Our reports are able to shed light on the quality of execution and highlight to our clients where there may be scope for improvement.

Emerging Market Momentum Hedging

Whilst Emerging Market ("EM") currency exposure is generally expected to deliver positive returns through time, EM currencies are more volatile than their developed market counterparts and are sensitive to many of the same macroeconomic factors which drive local equity and bond markets. This can add further pressure to portfolio performance during challenging market environments.

Record's EM Momentum Hedging is intended to help investors principally concerned with drawdown protection by improving the downside risks of holding EM currency exposures. Through an early warning indicator, EM currency exposure is temporarily phased-out from the portfolio, helping to protect investors during rapid market sell-off phases.

Return-Seeking

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

Currency Multi-Strategy

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

These strategies can be combined in different weightings that appeal to particular market segments under Record's Multi-Strategy approach, which can be applied as an "overlay" to help clients achieve a variety of investment objectives, and offers clients access to the main sustainable sources of return in the currency market. Clients receive a diversified return stream which performs well under a variety of market conditions and reduces the correlation of their currency programme to other asset classes. Further detail on each of the five principal strands is given below:

Carry

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

Emerging Market ("EM") currency

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

Momentum

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

Value

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

Range Trading

The Range Trading strategy exploits the tendency for certain currency pairs to trade within narrow ranges.

The philosophy comes from the observation that spot rate volatility is excessive when measured daily, but dissipates over a one-to-three month period. This stems from the fact that demand and supply of FX over certain time frames is random and disjointed, resulting in the spot rate reacting to maintain equilibrium in short-term supply and demand. Much of the flow in the FX markets is a by-product of economic activity (importing or exporting of goods or services, cross-border M&A transactions) or a consequence of quasi-systematic processes (such as passive rolling of FX hedges). In view of the above, many participants in the FX markets will continue to transact despite adverse price movements, informing our view that this is a reliable risk premium.

Products continued

We also offer bespoke solutions tailored to individual client requirements.

Return-Seeking continued ESG in currency

Research has shown that the institutional framework of a country plays an important role in its economic growth, with better institutions leading to higher growth and also lower volatility, paving the way for a more sustainable path for the country. Our approach to ESG first reviews a wide currency universe from an institutional, social, and political perspective with the objective of determining which currencies to accept in our strategy. We then identify pro-ESG factors towards which we can tilt exposures, increasing the sustainability of the overall portfolio whilst maintaining its return-seeking characteristics. Factors are reviewed both quantitatively and qualitatively and are applied to tilt the portfolio and to inform our discretionary risk management. They are drawn from a number of the United Nations Development Programme's ("UNDP's") Sustainable Development Goals ("SDGs") which we believe serve as advanced indicators for higher productivity growth; so by systematically incorporating ESG in alignment with the UNDP's SDGs, we expect to produce positive risk-adjusted returns.

Record EM Sustainable Finance Fund

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

A description of the academically supported theory behind the strategy, as well as more detail on how these three factors are combined to provide sustainable investment in less developed economies, is provided on page 30 in the Sustainability section of this report.

Multi-product

Multi-product mandates typically have combined risk-reducing and return-seeking objectives, and are bespoke in nature. These may include a hedging mandate overlaid with selected elements of the Currency for Return product, which cannot readily be separated into its hedging and return-seeking components for reporting purposes.

Cash and other

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

Information on product investment performance is given in the Operating review section (pages 36 to 38).


Case study:

New product development: Record EM Sustainable Finance Fund



The challenge

To design a strategy that leverages currency investment to support development in accordance with the UN Sustainable Development Goals. This is a unique proposition in an asset class largely unexplored within the realms of sustainable finance. Emerging economies typically rely on loans denominated in a foreign currency to meet their development objectives. Currency volatility, however, can act as a barrier to the development of domestic capital markets and the creation of economic wealth. The costs of insuring the currency risk can be high and subject to large fluctuations, leaving local communities unprotected and vulnerable. This exchange rate uncertainty creates significant problems in deciding if and when to take a loan and in assessing the feasibility of paying it back in the long term. The challenge included how best to explore the balance between return-seeking currency investment and sustainable outcomes to deliver a strategy that combines long-term sustainable development with currency return.

 Find out more about Currency for Return on pages 13 and 37

The solution

Currency is an essential instrument that can contribute to sustainable development in less developed economies and create a lasting positive impact for local businesses and communities. The innovative solution blends investments in impact bonds as an underlay strategy with a diversified emerging market currency overlay that captures currency undervaluation and capital incentive factors to maximise impact. The strategy pursues sustainability by taking positions in a currency which is underinvested across at least one of the following four dimensions: time, maturity, liquidity and volatility. We deploy capital in aid of delivering currency stabilisation in emerging economies, contributing to the development of the domestic financial market structure thereby promoting sustainable, inclusive growth. The strategy is complemented by an accompanying counterparty engagement strategy that makes execution consistent with the intentions of the fund, by encouraging positive environmental, social and governance developments among counterparties in our bank panel.

The outcome

Our new product, the Record EM Sustainable Finance Fund, an Irish-based UCITS ICAV developed in collaboration with a large Swiss Wealth Manager, is expected to launch shortly. For more information on the strategy, see page 30.

Markets

Our market environment and industry trends

Our market

The currency market represents the biggest and most liquid financial market available, with exceptionally low transaction costs and daily FX volumes averaging \$6.6 trillion (source: BIS Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives Markets 2019). The FX market is essential to global trade and finance and includes a high proportion of not-for-profit or forced participants, resulting in profit-seeking financial institutions continuing to represent a minority of FX market participants. Consequently, the market displays persistent patterns of behaviour or inefficiencies which we believe can best be exploited by a combination of systematic and discretionary processes.

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

Global and macro trends

Inflation and ultra-low or negative interest rates

The global pandemic cemented an era of accommodative policy, epitomised by ultra-low rates, multi-trillion dollar fiscal packages, and major central bank asset purchase programmes. Despite widespread disruption to global activity and trade, policy activism and the suppression of the time value of money helped to contain financial market volatility. It is the concern of many that these well-intentioned actions have inflated most traditional asset returns and valuations, with the implication that a repeat of such performance is not organically possible without new policy impulse. The best performing assets could now be the riskiest, and as the pandemic fades, investors must contend with economic realities. Of utmost concern is the prospect of rising inflation rates as economies reopen, posing the threat of disruption through forced central bank tightening.

What this means for our business

Record's Currency for Return strategies are designed to target persistent market patterns and risk premia. As economic, political, and societal norms change, so must our approach. As such, we constantly challenge the assumptions underlying our investment process. In particular, the centrally managed nature of financial markets and homogeneity of central bank policy contributed to uniformity among currencies and lower currency volatility. We continued to adjust our investment processes accordingly, for example by improving the way we capture currency value cycles, and extract growth premia from Emerging Markets. More broadly, the risks to traditional premia are seen as validating the need for legitimate and diversifying sources of return through currency.

Extraordinary Federal Reserve policy saw the US dollar take a round trip from currency strength to weakness, emphasising the benefits of active hedging strategies; we have since seen enhanced interest in Dynamic Hedging and in October on-boarded a new institutional Dynamic Hedging client. The prolonged anticipated effects of the pandemic in Emerging Markets are leading some investors to reassess the benefits of holding certain EM currencies. This has generated new interest in the bespoke management of EM currency exposures, for which we have the tools, processes and know-how. From a strategic hedging perspective, we are working with clients to help understand the risks and scenarios emanating from uncertainty around inflation and central bank normalisation.

Additionally, the bottoming out of yields across the globe has most investors searching high and low for yield, which creates a double opportunity for Record. Firstly in our well-established business working with alternative asset managers, particularly in private credit, since they are seeing ever-increasing demand as the yielding opportunities from the public markets have evaporated. This is driving both more interest in their strategies from foreign investors and a push to source assets in other jurisdictions, both of which introduce currency management into the equation. Secondly and in counterpoint to the first, there is significantly more demand for yielding, liquid strategies. Record has collaborated with a trade finance specialist, to be able to offer our clients access to solutions centred on diversified, short-dated exposure to investment grade corporates. Initial engagement with clients and prospects alike has been very strong and we will work hard to develop this opportunity further into FY-22.

Industry trends

Increase in demand for sustainable investment products

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

What this means for our business

Sustainability has been placed at the heart of our business, both at an operations level and ever-increasingly at the investment level. In partnership with our clients, we have designed and crafted original sustainable solutions, as illustrated by the recent development of the Record EM Sustainable Finance Fund; displaying thought leadership in an asset class often forgone in sustainable investment strategies. We look to continue collaborating with our clients and other research bodies to reach bespoke sustainable solutions in the currency space, and continue in leading the way in our sector.

In keeping with our beliefs in responsible investment, and meeting demand for sustainable reporting within standardised and trusted reporting frameworks, this year we have reported according to the recommendations of the Task Force for Climate-related Financial Disclosures (“TCFD”), completed our UN PRI annual report, as well as released a Sustainability Report detailing extensively how we incorporate sustainability in every corner of our business. Whilst the standardised formats of the external reports are not always a fit for FX investment strategies, we continue to aim for transparency and disclosure wherever possible.

Advances in technology

Over recent years technological advances have changed the way in which businesses in our sector need to operate. This includes how data is collected and analysed for investment purposes, having the ability to trade using electronic platforms and algorithms, enabling improved client reporting processes, and introducing efficiencies in more manual processes and procedures. The speed of change is dramatic and will continue to change the way business is done in our sector going forward.

What this means for our business

Technology has a critical role to play in our business, both to create efficiency to deliver reliable low-cost solutions for clients, and to drive innovation in creating new products and markets. Technologies such as artificial intelligence and machine learning, as well as improvements in data science and the ability to utilise opportunities offered through third party systems, can all contribute to the aim of improving our investment management products and services. As a result, the need to continue to observe and invest in technology and innovation is paramount to protect our capability to respond effectively to disruption and change in our markets, as well as to support our investment management processes and systems, improve client service and enhance our operating efficiency and effectiveness.

Markets continued

Market review

Review of the year ended 31 March 2021

The financial year began just a week after the S&P500 bottomed out, following the shuttering of economies globally and a pause on all non-essential activity in order to stop the spread of the covid-19 virus. The first quarter of the year was characterised by a relative stabilisation in financial market conditions as the unprecedented sudden stop in activity ushered in large-scale stimulus programmes from major central banks and governments alike. By our estimates, the G4 central banks alone grew their balance sheets by over \$6 trillion during the financial year, while debt to GDP in those same countries is estimated to have risen by 18% over the course of 2020.

In spite of the damage evident in the real economy, these economy-saving measures were enough to prevent a broader credit crunch and what many feared could have amounted to a depression. To the contrary, risk markets generally rose for the rest of the year, with the S&P500 reaching new highs as soon as August. The rapid recovery of risk sentiment would not have been possible without the development of life-saving vaccines. With reopening prospects tied to the attainment of herd immunity, market fluctuations followed closely the various hurdles – including the discovery of new and more contagious virus strains – and advancements of the vaccine development and deployment process. By mid-financial year, market participants could be more confident of economic reopening in the year ahead.

Faced with the ongoing uncertainty of the pandemic and a notable inflation undershoot relative to its target, in August the Federal Reserve unveiled its Average Inflation Targeting framework. This new flexible approach, all else equal, would see the Federal Reserve committing to looser policy in order to make up for years of inflation undershooting the bank's target. As markets looked through transitory inflation weakness to higher expected levels in the future, falling ex ante US real yields weighed heavily on the US dollar, especially versus cyclically sensitive currencies like the Australian dollar. This also supported a reflation in Emerging Market assets through to the end of the calendar year.

Aside from navigating the impact of the pandemic, investors also had to contend with the US elections between November and January. In contrast to expectations of a mixed result, Democratic Presidential candidate Joe Biden took the Presidency, while his party maintained control over the House, and gained narrow control over the Senate via the state of Georgia. Crucially, this laid the groundwork for major fiscal stimulus and, by the turn of the year, expectations of robust vaccine rollouts and a fiscally fuelled normalisation of the output gap began to pressure US fixed income. In turn, this allowed the US dollar to recover some of its losses.

Meanwhile, the UK and EU managed to bridge the Brexit hurdle in the nick of time after months of intense negotiations over competition rules and other stickier agenda items, with an EU/UK Trade and Cooperation Agreement coming into law on the last day of the calendar year. With the risk of “No deal” and a subsequent hard fallout of the EU in the rear-view mirror, the pound has traded on stronger footing, taking impetus from political stabilisation, successful vaccine rollouts and a more hawkish Bank of England into 2021 – though divorce acrimony between the UK and EU still remains in periphery and long-term structural post-Brexit effects have yet to materialise.

Developed market risk assets remained resilient through the end of the financial year, however Emerging Markets ran into some headwinds. Lacking the economic degrees of freedom to hike interest rates decisively in response to higher US yields, the lagged rollout of vaccines, new covid-19 waves, and instances of idiosyncratic risks generated volatility in some currencies. For Russia, sanction risks resurfaced under a more hawkish Biden administration, while hard-earned credibility at the Turkish central bank unwound over a weekend following the surprise dismissal of its market-friendly governor.

Towards the end of the financial year, and notwithstanding unforeseen developments in virus variants, the end of the pandemic started to come into sight as countries (particularly in the developed world) upped the ante with mass inoculations. With that, so did questions around the longer-term implications of the economic measures put in place to combat the downturn. Principally, investors were left questioning how governments might handle the large debts accrued. With austere policy being difficult to sell politically, official default best avoided, and without sustained high growth rates, this raised the prospect of a prolonged period of financially repressive policies.

Relatedly, central banks began to carefully consider their exit strategies and investors were left wondering how or if normalisation might be achieved without financial market disruption. The covid-19 pandemic proved to be one of the largest economic shocks in modern economic history, yet with the well-intentioned actions of central banks and governments, currency volatility was contained over the period. Therefore, the prospect of policy tightening forced by a sudden resurgence in inflation as economies reopen remains a key risk in the minds of investors going into the 2022 financial year.

Please refer to the Risk management section on page 44 to see how the Group has managed the impact of the covid-19 pandemic.

US dollar trade-weighted spot exchange rate Index, December 2019 = 100



Sources: Record, ICE, Macrobond.

Strategic priorities and goals

Delivering innovative, thought-leading and practical solutions while maintaining independence and integrity.

We are a specialist currency and derivatives manager

Strategy and goals

Our strategy of diversification, modernisation and planning for succession is underpinned by the cornerstones of our business philosophy, which are to give clients the best possible experience, to continually invest in our technology and innovation, and to develop our people to be the best that they can be.

Performance measurement

The Group uses key performance indicators (“KPIs”) to measure and monitor the performance of the Group. The financial and non-financial KPIs are presented on pages 24 to 27.

1 

Quality client experience

page 21

We aim to build strong, long-term “trusted adviser” relationships with our clients.

This is achieved through providing the highest levels of service to our clients through proactive relationships, informing clients on currency markets and opportunities, seeking to understand their currency and related investment issues, and tailoring our products to meet their individual requirements.

Measured by:

Revenue, AUME, client numbers and client longevity

Risks:

Strategy, people and employment, regulatory change, operational and investment

2 

Technology and innovation

page 22

We aim to differentiate Record from our competitors by reinforcing our thought leadership through innovation and by investing in technology.

This is achieved through devising and implementing innovative solutions to meet unique client requirements in new products and services and by enhancing existing products and strategies. Advances in technology help us to ensure a scalable, robust and efficient method of delivery for our products and services.

Measured by:

Operating profit margin, EPS, DPS, AUME and client numbers

Risks:

Strategy, concentration, margin compression, people and employment, regulatory change, operational and investment

3 

Talent development

page 23

We aim to develop and retain a diverse pool of talent which is key both to delivery of a “best in class” business model, and to the long-term stability of the business.

This is achieved through strong recruitment, career development and support systems to identify and retain talent aligned with both our culture and plans for generational change.

Measured by:

EPS, AUME, average number of employees, staff retention and employees with equity interest

Risks:

Strategy, people and employment and investment

1 Quality client experience

We provide the highest levels of service to our clients through proactive relationships informing clients about currency markets and opportunities, seeking to understand their currency and related investment issues and tailoring our products to meet their individual requirements.

Initiatives

- Focus on generational change to plan for future stability for business and client relationships
- Develop new products aligned with investor demand for ESG-related and sustainable finance strategies
- Focus on opportunities for existing clients to benefit from product enhancements and complementary services alongside current product range

Progress

- New Sustainability Office and Committee will reinforce our commitment to develop responsible investment strategies
- Retention of the existing client base and revenue against the pressures that the covid-19 pandemic exerted
- Development of two new flagship product offerings in collaboration with external partners for distribution in current financial year (FY-22)

Priorities

- Significantly diversify product offerings, in particular new flagship products
- Leverage strong existing client relationships to develop new strategies
- Invest in technology to enhance the service offering to clients and the overall client experience
- Continue to diversify product offering with selected third party relationships

Distribution

The Group's sales and marketing activities are organised to ensure that resources are deployed where opportunities have been identified as giving the most likelihood of future success. The sales and marketing team is split between the offices in the UK, US, Germany and Switzerland, and a centralised team that provides comprehensive technical and administrative support to the sales offices operates from the headquarters based in the UK.

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

Find out more about our products and distribution on pages 10 to 15.

Strategic priorities and goals continued

2 Technology and innovation

We continue to occupy a unique position in the market by building on and reinforcing our experience and thought leadership through our use of technology and delivering innovative solutions to our clients. As the environment and the needs of our clients evolve, we also continue to adapt our product offering in addition to how these products are accessed to better suit the operational requirements of clients.

Initiatives

- Diversification of products and services through strategic partnerships, research, and innovation
- Continue to expand our dedication to ESG and sustainability through firm culture, engagement and product creation
- Deliver complementary investment solutions for our strategies to support our global client base
- Identify opportunities for incorporating new technology focused on enhancing clients' experience, improving efficiency of processes and to improve operational resilience
- Expand our experience, knowledge and track record in trading and evaluating Frontier currencies
- To support flexible and remote working for all staff to improve talent acquisition and retention

Progress

- Designed and built the Record EM Sustainable Finance Fund in partnership with a Swiss Wealth Manager
- Established a Senior Sustainability Office and Sustainability Committee
- Engaged directly with liquidity providers and counterparties to our clients using our bespoke ESG rankings and evaluation methodology
- Partnered in development of a new Trade Finance strategy
- Adopted a new data capture and transformation platform, Xceptor, to bring efficiencies and improve our client offering
- Developed and established a track record trading Frontier currencies as part of an EM client mandate
- Disaster recovery and business continuity capability enhanced to ensure the firm can support flexible working and working from home

Priorities

- Focus on opportunities for client collaboration and client-led product development
- Review opportunities for introducing third party systems to improve trading functionality, operational efficiency and investment capability
- Continued investment in research to enhance existing products and services
- Further develop Trade Finance opportunity with both new and existing clients

Collaborative infrastructure

The Group's operational infrastructure is built around how we service our clients and ensures a collaborative approach to promote innovation across all sections of the business, as well as alongside our strategic partners. To this end, our teams are deliberately organised by function, rather than product. As such, all teams are involved (to a greater or lesser extent) in the day-to-day management or support of each client mandate, which enables us to cross-pollinate advancements across mandates.

We maintain a purpose-built and fully integrated end-to-end operational process to allow for scalable and customisable implementation of our products. The success of our working approach is evidenced by the launch of new products in collaboration with partners, new strategies in conjunction with clients, and delivering solutions designed specifically around our clients and their needs.

3 Talent development

We aim to develop and retain a diverse pool of talent which is key both to delivery of a “best in class” business model, and to the long-term stability of the business.

Initiatives

- To ensure the wellbeing of all of our staff working from home during the covid-19 lockdown periods
- To consider the shape of future work patterns to align the interests of our employees with those of our business
- Alignment of pension contributions across all staff grades by April 2022
- Trialling the accelerator course ran by Advancing Women Executives (“AWE”), which aims to provide relevant training to progress the careers of mid-level women and under-represented professionals

Progress

- Internal promotions made to restructure the sales team and for CIO succession
- All staff were provided with the necessary equipment and support to facilitate full remote working throughout the pandemic
- Investment in technology to enhance employees’ working practices and efficiencies
- Continuation of workforce development and training on areas such as a Micro-Aggressions workshop to highlight unconscious bias and tackling discrimination
- Pension contributions now fully aligned across all staff grades, effective April 2021

Priorities

- To liaise with staff to carefully plan for the transition back to our offices
- To review and consider the shape of future work patterns to align the interests of our employees with those of our business
- Continue to plan for generational change and to recognise and reward talent through internal promotion
- To continue to invest in the development, retention, wellbeing and diversity of our talented employees

Recruitment

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

Staff retention, motivation and development

We invest heavily in our people, offering opportunities and support for them to grow their knowledge, skills and capabilities. An effective performance review and objective-setting process, personal development planning including the development of career paths, together with our open and inclusive office culture, are all key priorities in the development and retention of our staff. In addition, the Group’s Share Scheme, Profit Share Scheme, Joint Share Ownership Plan and the Share Incentive Plan promote the acquisition of equity in the Company by staff, improving motivation and retention, as well as aligning employees’ interests with those of our clients and shareholders. At 31 March 2021, the proportion of employee shareholders stood at 68% (2020: 69%).

Key performance indicators

Measuring our performance against our strategy.

Financial KPIs

Revenue (£m)

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

2021	25.4
2020	25.6
2019	25.0
2018	23.8
2017	23.0

Why this is important

Revenue is a key indicator of client experience, growth and a key driver of profitability. Growth in AUME resulted in an 8% increase in management fees, although challenging market conditions meant this was offset by a corresponding decrease in performance fees of £1.7 million.

Link to strategy

- 1 Quality client experience
- 2 Technology and innovation

Operating profit margin (%)

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

2021	24
2020	30
2019	32
2018	31
2017	34

Why this is important

Operating profit margin is an indicator of the efficiency of the business in turning revenue into profit. Whilst revenues were broadly maintained for the year, costs increased as a result of restructuring and investing in technology, which have impacted the profitability of the business in the short term. Further information can be found in the Financial review section on page 39.

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

Link to strategy

- 1 Quality client experience
- 2 Technology and innovation
- 3 Talent development

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

The Group aims to create shareholder value over the long term, illustrated by a consistent growth in EPS.

2021	2.75
2020	3.26
2019	3.27
2018	3.03
2017	2.91

Why this is important

EPS measures the overall effectiveness of the business model and drives both our dividend policy and the value generated for shareholders. Similarly to operating profit, EPS has been impacted in the short term by the increase in costs arising from the implementation of the new strategy.

Link to strategy

- 1 Quality client experience
- 2 Technology and innovation
- 3 Talent development

The Board and Executive Committee use both financial and non-financial key performance indicators (“KPIs”) to monitor and measure the performance of the Group against its strategic priorities. Some KPIs link to specific strategic areas as noted below, whilst others represent higher level key metrics in terms of the Group’s business and financial performance.

Dividends per share (“DPS”) (pence per share)

The Group’s policy is that total distributions in any year will be covered by earnings. The Group aims to pay a progressive ordinary dividend and return surplus capital to shareholders where it is in excess of business requirements, usually in the form of special dividends.

Ordinary		Special	
2021	2.30	2021	0.45
2020	2.30	2020	0.41
2019	2.30	2019	0.69
2018	2.30	2018	0.50
2017	2.00	2017	0.91

Why this is important

Repeatable dividend payments illustrate the cash generative nature of Record’s business, and its strength in converting profits into cash and providing a suitable return to shareholders. The ordinary dividend per share is unchanged on last year. The special dividend per share has increased by 0.04 pence, resulting in a 1.5% increase in total dividends to 2.75 pence per share (2020: 2.71 pence per share).

Link to strategy

- 1 Quality client experience
- 2 Technology and innovation
- 3 Talent development

Key performance indicators continued

Measuring our performance against our strategy.

Non-financial KPIs

AUME (\$ billion)

As a currency manager, Record manages only the impact of foreign exchange and not the underlying assets of its clients, therefore its AUM (Assets Under Management) are notional. To distinguish this from the AUM of conventional asset managers, Record uses the concept of Assets Under Management Equivalents ("AUME") and by convention this is quoted in US dollars. AUME is an alternative performance measure and further detail on how it is defined is provided on page 136.

2021	80.1
2020	58.6
2019	57.3
2018	62.2
2017	58.2

Why this is important

AUME is a key driver of future revenue and an indicator of business growth. AUME increased by 37% for the year, including net inflows of \$9.7 billion diversified across product lines.

Link to strategy

- 1 Quality client experience
- 2 Technology and innovation
- 3 Talent development

Clients

Client numbers represent the number of separate legal entities that have appointed Record directly as an investment manager or invested in a Record fund at the year end, and acts as a broad indicator of business growth.

2021	89
2020	72
2019	65
2018	60
2017	59

Why this is important

The sustained growth in client numbers is indicative of successful client engagement, quality client experience and the building of strong "trusted adviser" relationships.

Link to strategy

- 1 Quality client experience

Client longevity (%)

Client longevity measures how long Record has been providing currency management services to each client with a mandate active as at 31 March 2021.

> 10 years	24%
6-10 years	12%
3-6 years	18%
1-3 years	25%
0-1 year	21%

Why this is important

Client longevity is both an indicator of recent client growth, and also of the Group's success in sustaining quality client relationships through investment cycles.

Link to strategy

- 1 Quality client experience

Average number of employees

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

2021	83
2020	82
2019	85
2018	81
2017	73

Why this is important

Average employee numbers is an indicator of growth and also of how effectively the Group is using technology to make processes more efficient.

Link to strategy

- 2 Technology and innovation
- 3 Talent development

Staff retention (%)

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

2021	90
2020	81
2019	84
2018	93
2017	83

Why this is important

The Group's third cornerstone is talent development, which includes the development and retention of our talented employees. Whilst every business expects a degree of employee turnover, the monitoring of employee retention acts as a general indicator for factors affecting our employees' wellbeing, development, and issues such as longer-term succession.

Link to strategy

- 3 Talent development

Employees with equity interest (%)

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

2021	68
2020	69
2019	70
2018	72
2017	68

Why this is important

The alignment of employee interests with those of our shareholders is an important factor in ensuring the longer-term success of our business and is an important tool in managing generational change.

Link to strategy

- 3 Talent development

Sustainability

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



<p>Responsible investment</p> <p>Find out more on pages 29 to 30</p>	<p>People and diversity</p> <p>Find out more on pages 31 and 32</p>	<p>Environment</p> <p>Find out more on page 33</p>
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In conducting its business operations, the Group has a responsibility to its stakeholders and the environment. Our stakeholders, with whom we maintain an ongoing dialogue, are detailed on pages 34 and 35.

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

Section 172 Companies Act 2006

We set out on pages 34 and 35 our key stakeholder groups, their material issues and how we engage with them. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships.

By understanding our stakeholders, we can factor into Boardroom discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns, in accordance with s172 of the Companies Act 2006.

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

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

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

- (a) The establishment of a German subsidiary, Record Asset Management GmbH, in November 2020. Further details are on page 66.
- (b) Record established a Joint Share Ownership Plan (“JSOP”) for the next generation of management. Further details are on page 74.
- (c) The Record Sustainability Office was established during the year. Further details are on page 29.



Responsible investment



Governance

In 2020, Record cemented its sustainability governance structure, creating the role of Sustainability Officer to dedicate resources into managing and co-ordinating the various efforts across the firm to embed sustainability. The Sustainability Office was then created, incorporating the pre-existing Sustainability Committee (formerly named ESG Committee) and combining with a Senior Sustainability Office which brings together department heads on a monthly basis, and is chaired by the CEO, to set sustainability firmly on the agenda of all departments and co-ordinate activity across the business. The Sustainability Officer acts as conduit between the two committees, representing and voicing the views of the Sustainability Committee at the senior level.

The Sustainability Committee has formalised the key officer roles to delegate responsibility in key areas of sustainability, namely Corporate Social Responsibility ("CSR"), Responsible Investment ("RI") and Climate Change. In this we hope to expand the scope of our efforts by utilising more time and resources, and engaging more of our workforce to have responsibility on these key components.

Sustainability organisational chart



Sustainability continued

Responsible investment continued

Philosophy

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

Collaboration

Record is actively exploring ways to collaborate with external parties, including clients who might wish to apply the methodology to reflect their own specific preferences and views on various elements of sustainable finance. Record’s research is ongoing, responding to improvements in available data, as well as developing and improving on its own strategies and building and innovating new approaches to maintain its place at the forefront of research in such a fast-developing space.

Record Emerging Market Sustainable Finance Fund

During 2020, Record continued to pioneer research in this space, developing an Emerging Market Sustainable Finance product that combines strategic investment in currencies, impact bond collateral and counterparty engagement to nurture and enhance development in the currency universe countries.

Currency

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

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

Collateral

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

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

Counterparty engagement

Our Counterparty Engagement Strategy creates a watertight strategy which aligns our execution with the aims of the overall strategy. Further, our banks can be considered as part of the financial supply chain. ESG risks associated with counterparties are thereby a supply chain risk.

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

People and diversity



Workplace

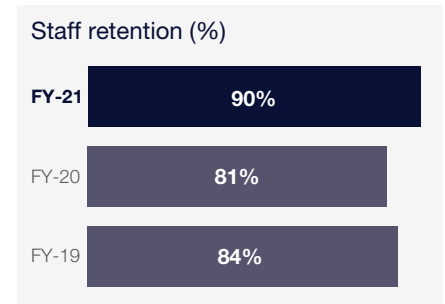
Record's working environment is designed to encourage bright, dynamic and committed individuals to thrive. We believe that investing in our staff and developing their potential is key to the success of the business and our policies and practices reflect this.

The Group's offices have been designed to allow all departments to work together in an open plan environment. The open plan office allows ease of communication between departments, as well as enabling staff to work closely with senior management. After a successful year working remotely, the Group is looking forward to welcoming everyone back into the office with the introduction of a hybrid working pattern to allow everyone to fully utilise the positives of both working from home and in the office.

The office environment and culture promote staff development and training. All staff are invited to participate in Company update meetings which are led by the Chief Executive Officer. The Group also provides study support to employees who wish to pursue relevant professional qualifications. The Board has established a staff-run welfare committee which organises team-building and other social events, enhancing interaction between different departments within the business.

In addition, the Group continues to provide a number of other benefits to employees including pension, private medical cover, life insurance, permanent health insurance, maternity and shared parental benefits, lunchtime fitness classes and subsidised gym membership. A new ultra-low emission ("ULEV") car benefit scheme was implemented to continue our commitment to sustainability through employee benefits. All employees participate in the Group Profit Share Scheme and have the opportunity to acquire shares in Record plc through this scheme, as well as through the Record plc Share Incentive Plan. All employees are also offered the Employee Assistance Programme, which provides 24/7 confidential telephone support from qualified counsellors as well as online computerised cognitive behavioural therapy, to support anyone struggling with their mental health. We organised a Company-wide talk with Insuring Women's Futures ("IWF"), which highlighted the differences in men's and women's financial journeys, and how our financial lives have changed since covid-19. In February 2021 we also held a Micro-Aggressions workshop to highlight issues such as unconscious bias and tackling discrimination.

The Group has an established internship programme for students and during the year welcomed interns from Oxford University, the University of Warwick and the University of Bath.



Human rights

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

Sustainability continued

People and diversity continued

Diversity and inclusion

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

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

The Group believes that valuing what is unique about individuals and drawing on their different perspectives and experience will add value to the way the Group does business. By accessing, recruiting and developing talent from a diverse pool of candidates, the Group can gain an insight into different markets and better support client needs.

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

Two affinity networks were introduced in 2020 in order to celebrate, support and recognise the diversity of our staff, and also set a diverse agenda amid recruitment and development efforts. The Ethnic Diversity Network (“EDN”) and Gender Equality Network (“GEN”) seek to engage all staff in discussions and celebrations of diversity, hosting training sessions, socials, and topic discussions over the year. The networks also seek to engage with industry and community-wide initiatives, conducting key support for charities and initiatives such as Destiny Transformers and Insuring Women’s Futures.

The gender diversity within the Group is shown below:

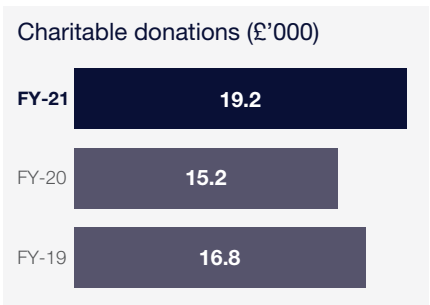
Gender balance As at 31 March 2021	Female		Male	
	number	%	number	%
Board Directors	3	50%	3	50%
Senior management	5	21%	19	79%
Other staff	25	49%	26	51%
All employees	33	41%	48	59%

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



Community

Record recognises its obligations and responsibility to contribute to the wider community outside of the firm. Over the course of the year, the Group made charitable donations totalling £19,247. Our charitable giving is focused on employee choice, with the Group matching employee donations and sponsorship. The Group continues to encourage employees to participate in fundraising activities for charitable causes and this year employees participated in a variety of events, including charity lunches and fundraising competitions. Examples of supported charities and causes included The Ashford and St Peter’s Hospital Charitable Fund, Berkshire Women’s Aid, the Great Ormond Street Stocking Appeal, Alexander Devine Children’s Hospice Service, and Destiny Transformers. A scheme allowing UK employees to give to charity through the payroll is also offered.



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

Environment

Streamlined Energy and Carbon reporting (“SECR”) and Greenhouse gas emissions

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

Methodology

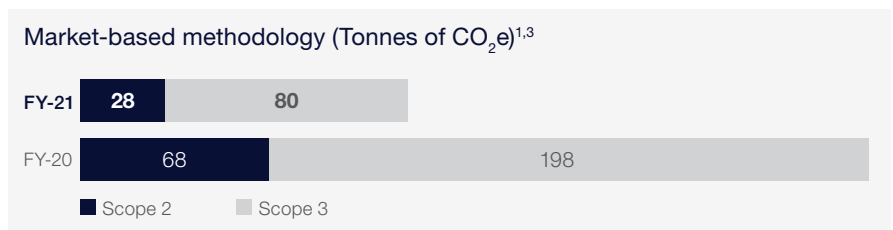
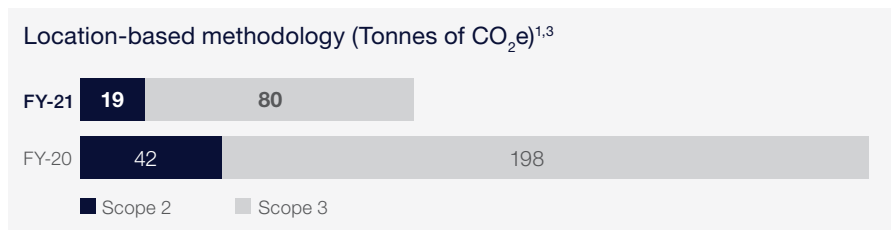
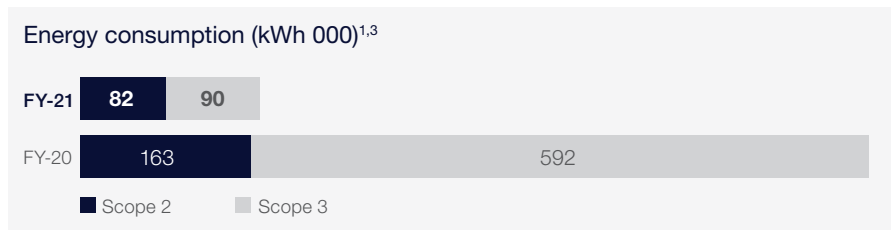
The method used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from recognised public sources including, but not limited to, BEIS, the US Energy Information Administration, the US Environmental Protection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

Energy efficiency actions taken

2021 saw a significant fall in carbon emissions⁴ across the board, down 77% in energy consumption and 59% and 58% in location-based and market-based emissions, respectively. This was anticipated given the move to work-from-home practices for most employees over the last year, significantly reducing business emissions as a result of reduced office use and lower commuting times. Our focus will be on keeping emissions lower on the return back to the office over the next fiscal year, with particular focus on office sustainability; taking this opportunity to reassess our everyday business routines and promote a green transition to net zero as set out in the separate Sustainability Report.

TCFD

We are public supporters of the Task Force on Climate-related Financial Disclosures (“TCFD”), and this year will disclose for the first time in the Sustainability Report according to the recommendations on disclosure of climate risk exposure.



Energy and GHG emissions annual % change^{2,3}

Reporting category	Energy consumption UK & offshore	Location-based methodology UK & offshore	Market-based methodology UK & offshore
Scope 1	—	—	—
Scope 2	-50%	-54%	-54%
Scope 3	-85%	-60%	-60%
Total	-77%	-59%	-58%
Scope 1, 2 & 3 CO ₂ e Intensity ratio: tonnes CO ₂ e/FTE		-61%	-61%

1. Scope 1 emissions were zero for the reported years.
2. Scope 1 covers combustion of gas & combustion of fuel for transport purposes. Scope 2 covers purchased electricity. Scope 3 covers business travel in rental cars and employee-owned vehicles; premises waste, water, and T&D losses; business travel; outbound deliveries; commuting; and homeworking. The total CO₂e intensity ratio is calculated as the total CO₂e tonnes divided by total firm FTE.
3. Please note that rounding errors may exist.
4. Group emissions data relates to the calendar year preceding the given financial year end.



Sustainability continued

Section 172 Companies Act 2006 – Our stakeholders

Clients

Clients are the central focus of our business. The Group aims to understand clients' evolving needs, to respond to them accordingly and deliver long-term investment performance.

How we engage

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

The Client Team builds strong and trusted relationships with current and potential clients to develop a clear view of client objectives and how these will evolve.

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

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

Their material issues

Our clients' material interests relate to the performance of Record's products after fees, a robust risk framework, transparency, value for money, maintaining the high levels of service they receive and the provisions of bespoke and innovative products which fulfil their needs.

2021 highlights and future changes

There has been heightened engagement with clients during the covid-19 crisis and increased monitoring of market conditions and performance.

We are currently evaluating options for improving our client reporting with the aim of providing more real-time data and analytics.

The Record Sustainability Office was set up during the year to maintain sustainability and ESG factors as a focus across all aspects of our business, including investment strategy, corporate responsibility and risk management for the benefit of clients and all of our stakeholders.

Shareholders

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

How we engage

The Group Chief Executive Officer and Chief Financial Officer presented the full-year and half-year results to major investors.

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

Their material issues

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

2021 highlights and future changes

The appointment of Panmure Gordon as Record's corporate broker has improved engagement with existing shareholders and enhanced the Group's ability to reach out to potential investors.

The Chair of the Nomination Committee has contacted certain institutional shareholders to discuss the UK Corporate Governance Code requirements related to the tenure of the Chairman.

The 2020 AGM was held as a closed meeting due to covid-19 but the Board was keen to maintain engagement and so shareholders were invited to ask questions via e-mail, with the Board undertaking to either respond via return of e-mail or publication on the investor relations website.

People

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

How we engage

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

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

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

Their material issues

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

2021 highlights and future changes

Tim Edwards is the designated Non-executive Director responsible for workforce engagement and reports to the Board on employee viewpoints.

A number of workforce engagement sessions have taken place over the period with small groups meeting with Tim to discuss topics including business strategy, communication, working arrangements, remuneration and career opportunities.

Affinity networks have been introduced to embrace diversity and encourage the inclusion of all staff.

During the covid-19 pandemic there has been increased engagement with staff to ensure their wellbeing during the extended periods of home working.

The covid-19 crisis highlighted the benefits of flexible working arrangements for both staff and the business. We are now reviewing the possibility of more flexible working patterns and practices upon return to the office in order to achieve an appropriate work-life balance for the longer-term benefit of both our employees and the business.

Society

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

How we engage

We are proud to support the communities in which Record operates and we have a long history of contributing through monetary donations, gift giving and employee time. Further details can be found on pages 31 and 32.

We are keen to promote responsible investing and have incorporated environmental, social and governance ("ESG") factors into some of our currency management products. Record has been a signatory to the Principles for Responsible Investment since June 2018.

The Record Sustainability Office was set up during the year to maintain sustainability and ESG factors as a focus across all aspects of our business, including investment strategy, corporate responsibility and risk management for the benefit of clients and all of our stakeholders.

We have established a Sustainability Committee which meets on a quarterly basis and we have a documented policy establishing our approach to sustainability matters, details of which can be found from page 28.

Their material issues

Record aims to manage the business in a manner which minimises its impact on the environment and helps to benefit society.

2021 highlights and future changes

Employees helped to raise £19,247 for local and national charities during the year.

Record has now been certified carbon neutral for over twelve years.

Further details of our fundraising and charitable support projects can be found on page 32 and also online in our Sustainability Report 2021.

External suppliers

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

How we engage

We maintain a close working relationship with all our suppliers and service providers, with regular review of contracts and arrangements in place performed as part of the budgeting process.

All material supplier contracts are subject to due diligence checks and contracts are thoroughly reviewed by Record's in-house legal team before signing. Signed service level agreements are in place for all critical suppliers.

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

Their material issues

Our suppliers wish to develop mutually beneficial working relationships over the long term.

2021 highlights and future changes

During the covid-19 crisis we have continued to pay all suppliers and service providers on a timely basis.

Our drive to implement new technology has resulted in new relationships with software suppliers and IT contractors, allowing access to expert knowledge and skills and resulting in flexible, effective and efficient working partnerships. There will be further engagement with third party suppliers as technology developments continue.

Regulators

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

How we engage

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

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

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

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

Their material issues

Regulators want to ensure that our business is run responsibly with the best interests of our clients at the centre of everything we do. They seek to protect the integrity of the financial systems they supervise and promote fair competition for the benefit of clients.

2021 highlights and future changes

As part of its Brexit strategy, the Group has established a German subsidiary.

We have complied with the latest version of the UK Corporate Governance Code as deemed appropriate given the size and nature of the business. See pages 54 and 55 for further details.

Operating review

AUME increased by 37% in US dollar terms, finishing the year at \$80.1 billion, its highest ever level.

Product investment performance

Hedging

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

Passive Hedging

Record's enhanced Passive Hedging service aims to reduce the cost of hedging by introducing flexibility into the implementation of currency hedges without changing the hedge ratio. While the strategy is partly systematic, the episodic nature of many opportunities exploited by the strategy means it requires a higher level of discretionary oversight than has historically been associated with Passive Hedging. High levels of central bank intervention have meant there have been particularly high levels of liquidity in the FX derivatives market since April 2020. This has, for the most part, had a dampening effect on volatility and reduced the opportunity set available for clients. In December 2020, however, we saw significant volatility arise in the FX forwards market for a period of a couple of weeks. We positioned client portfolios appropriately to extract value from this volatility. Positive performance for the year can be attributed to actively managing clients' duration profiles in such a way that they benefited from these market opportunities as and when they arose.

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

	Return for year to 31 March 2021	Return since inception ¹
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark	0.05%	0.08% p.a.

Dynamic Hedging

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

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

	Return for year to 31 March 2021	Return since inception ²
Value added by Dynamic Hedging programme	(0.49%)	0.45% p.a.

1. Since inception in October 2014.

2. Since inception in April 2009.

Currency for Return

Currency Multi-Strategy

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

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

Record's Multi-Strategy mandates delivered positive overall performance over the year which was driven by the outperformance in FRB and EM strategies given their positive correlation to sentiment. Positive vaccine news supported the global growth outlook and the mitigation of negative tail risk scenarios around a prolonged recession, which enticed inflows into EM and risk-on DM currencies.

Returns	Return for 12 months to 31 March 2021 %	Return since inception % p.a.	Volatility since inception % p.a.
Record Multi-Strategy composite ¹	2.86%	0.86%	3.19%

Scaling

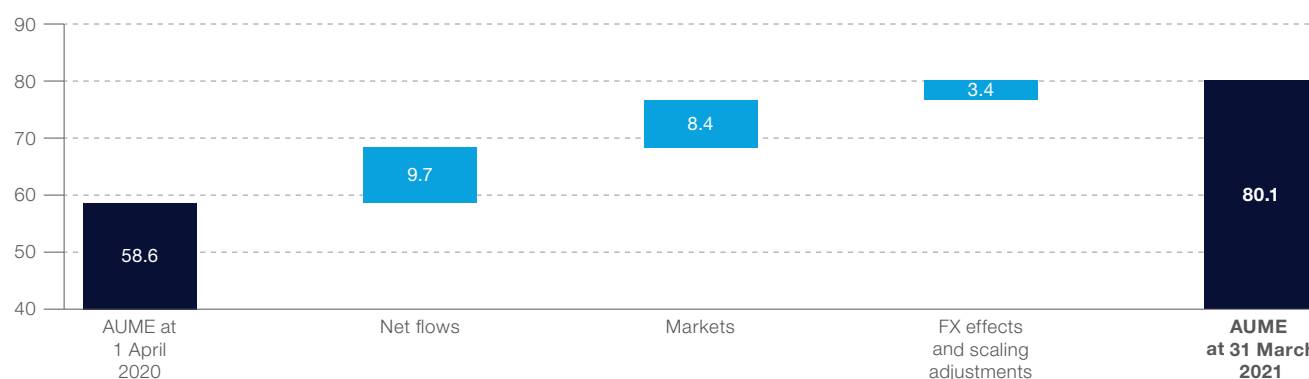
The Currency for Return product group allows clients to select the level of exposure they desire in their currency programmes by selecting the required level of scaling and/or the volatility target.

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

AUME development

AUME expressed in US dollar terms finished the year at \$80.1 billion, an increase of 37% (2020: \$58.6 billion). When expressed in sterling, AUME increased by 23% to £58.1 billion (2020: £47.3 billion).

AUME development bridge – year to 31 March 2021 (\$bn)



AUME movements

Passive Hedging AUME increased by 22% to \$61.5 billion at the end of the year (2020: \$50.3 billion), including net inflows of \$1.5 billion and \$0.6 billion from new and existing clients respectively. Further positive impacts arose from market movements (\$6.4 billion) and movements in exchange rates (\$2.7 billion).

Dynamic Hedging AUME increased by 271%, ending the year at \$9.3 billion (2020: \$2.5 billion). The majority of the \$6.8 billion increase is attributable to net inflows (\$6.6 billion), of which \$5.5 billion was from new clients with the remaining \$1.1 billion from existing clients. Exchange rate movements added a further \$0.2 billion.

Currency for Return AUME increased to \$3.9 billion at the end of the year (2020: \$2.6 billion) as a result of positive movements in exchange rates (\$0.3 billion), scaling (\$0.2 billion) and market movements (\$0.8 billion).

Multi-product AUME increased to \$5.2 billion (2020: \$3.0 billion) as the result of \$1.0 billion of net inflows, market movements of \$0.9 billion and exchange rate movements of \$0.3 billion.

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

Operating review continued

AUME development continued

Market performance

Record's AUME is affected by movements in market levels because substantially all the Passive and Dynamic Hedging, and some of the Multi-product mandates, are linked to equity, fixed income and other market levels. Market movements increased AUME by \$8.4 billion in the year ended 31 March 2021 (2020: decrease of \$3.2 billion).

Further detail on the composition of assets underlying our Hedging and Multi-product mandates is provided below to help illustrate more clearly the impact of equity and fixed income market movements on these mandate sizes.

AUME composition by underlying asset class as at 31 March 2021

	Equity %	Fixed income %	Other %
Passive Hedging	30%	37%	33%
Dynamic Hedging	97%	0%	3%
Multi-product	0%	0%	100%

Forex

Approximately 80% of the Group's AUME is non-US dollar denominated. Therefore, foreign exchange movements may have an impact on AUME when expressing non-US dollar denominated AUME in US dollars. Foreign exchange movements increased AUME by \$3.1 billion over the year. This movement does not have an equivalent impact on the sterling value of fee income.

At 31 March 2021, the split of AUME by base currency was 12% in sterling, 47% in Swiss francs, 20% in US dollars, 15% in euros and 6% in other currencies.

AUME composition by base currency

Base currency	31 March 2021	31 March 2020
Sterling	GBP 6.7bn	GBP 6.3bn
US dollar	USD 16.2bn	USD 6.2bn
Swiss franc	CHF 35.2bn	CHF 31.0bn
Euro	EUR 9.9bn	EUR 8.1bn
Australian dollar	AUD 2.1bn	AUD 1.6bn
Canadian dollar	CAD 4.8bn	CAD 3.5bn
Swedish krona	SEK 0.4bn	SEK 3.9bn

Product mix

AUME composition by product

	31 March 2021		31 March 2020	
	US \$bn	%	US \$bn	%
Passive Hedging	61.5	77%	50.3	86%
Dynamic Hedging	9.3	12%	2.5	4%
Currency for Return	3.9	5%	2.6	4%
Multi-product	5.2	6%	3.0	5%
Cash	0.2	0%	0.2	1%
Total	80.1	100%	58.6	100%

The mix of hedging AUME changed during the year with net inflows into higher-margin Dynamic Hedging reducing the concentration from lower-margin Passive Hedging AUME.

Financial review

The year has been one of transition, with focus on the implementation of the new strategy arising from the Group's change of leadership.



Steve Cullen
Chief Financial Officer

Overview

As expected, the financial impact of such change has been felt in the form of reduced profitability in the short term as the business seeks to embed structural and resource changes necessary in the implementation of the new strategy.

Notwithstanding a challenging year due to the impact of covid-19, strong progress was made in the second half in terms of growth in AUME in existing products as well as in the development of new products, the full benefits from which we expect to see in the current year (FY-22). The Group remains independent and profitable, supported by its strong and liquid balance sheet.

Revenues remained broadly flat on last year at £25.4 million (2020: £25.6 million) supported by an 8% increase in management fees offsetting the drop in performance fees of £1.7 million for the year. Operating profit for the year fell to £6.1 million (2020: £7.6 million) and the operating profit margin decreased to 24% (2020: 30%) with profit before tax falling to £6.2 million (2020: £7.7 million). The fall in operating profit resulted from an increase in operating expenses (excluding variable remuneration) of 11% to £15.7 million, and variable remuneration fell to £3.2 million (2020: £3.5 million).

Profit and loss (£m)

	2021	2020
Revenue	25.4	25.6
Cost of sales	(0.4)	(0.3)
Gross profit	25.0	25.3
Personnel (excluding GPS)	(10.3)	(8.6)
Non-personnel cost	(5.4)	(5.7)
Other income or expense	0.0	0.1
Total expenditure (excluding GPS)	(15.7)	(14.2)
GPS	(3.2)	(3.5)
Operating profit	6.1	7.6
Operating profit margin	24%	30%
Net interest received	0.1	0.1
Profit before tax	6.2	7.7
Tax	(0.8)	(1.3)
Profit after tax	5.4	6.4

Revenue

£25.4m

2020: £25.6m

-0.6%

Management fees

£24.9m

2020: £23.1m

+7.8%

Financial review continued

Revenue

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

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

Growth in AUME drives growth in management fees. Whilst positive market movements of \$8.4 billion were broadly evenly split across both halves of the year, the impact from the net inflows of \$9.7 billion was felt in the second half of the year. Consequently, revenues of £11.8 million for the first half increased by 14% to £13.5 million in the second half (ignoring performance fees) with the financial impact from the \$80.1 billion headline AUME expected to be seen more fully in FY-22.

Management fees earned during the year increased by 8% to £24.9 million (2020: £23.1 million), with the increase in management fees of £1.7 million offsetting the decrease in performance fees (of £1.7 million) for the year.

Revenue analysis (£m)

	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Management fees		
Passive Hedging	11.4	12.0
Dynamic Hedging	5.6	4.0
Currency for Return	2.0	2.0
Multi-product	5.9	5.1
Total management fees	24.9	23.1
Performance fees	0.1	1.8
Other currency services income	0.4	0.7
Total revenue	25.4	25.6

Management fees

Passive Hedging management fees decreased by 5% to £11.4 million for the year (2020: £12.0 million). Whilst average AUME increased over the year, the consequent increase in fees was more than offset by the impact from the decision by some clients with enhanced Passive Hedging mandates to change from a higher management fee basis to a lower management plus performance fee basis during the year.

Dynamic Hedging management fees increased by 41% to £5.6 million (2020: £4.0 million) as a result of the increase in AUME arising from net inflows of \$6.6 billion from new and existing clients.

Management fees from Currency for Return mandates remained consistent with last year at £2.0 million.

Multi-product management fees increased by 14% to £5.9 million (2020: £5.1 million) linked to the net inflows of \$1.0 billion in the second half and the impact of positive market movements in the year of \$0.9 billion.

Performance fees

Performance fees are derived from a combination of hedging and return-seeking products. Aggregate performance fees of £0.1 million were earned during the year (2020: £1.8 million).

In contrast to February and March 2020 when most assets were re-priced down as a result of the pandemic, the year saw reduced volatility linked to unprecedented amounts of central bank interventions. Consequently, some assets rebounded faster while both our Currency for Return and enhanced Passive Hedging products are taking longer to make up lost ground versus previous high water marks, resulting in reduced performance fees for the year.

Other currency services income

Other currency services income totalled £0.4 million (2020: £0.7 million) and consists of fees from ancillary currency management services including collateral management, signal hedging and tactical execution services. Fees charged for these ancillary services are not linked to AUME.

Expenditure

Cost of sales

Cost of sales comprises referral fees and costs in relation to the Record Umbrella Fund.

Operating expenditure

The Group operating expenditure (excluding variable remuneration) increased by 11% to £15.7 million for the year (2020: £14.2 million).

Growth in personnel costs of 20% to £10.3 million (2020: £8.6 million) reflects salary increases from internal promotions arising from restructuring plus the full-year effect of recruiting at more senior levels towards the end of the last financial year. The Group remains conscious of the need for good cost control balanced with ensuring the business is appropriately resourced to achieve its strategic goals of growth and succession.

Non-personnel costs decreased by 5% during the year to £5.4 million (2020: £5.7 million). Whilst the Group has continued to invest in technology and systems, cost savings have been made in client-facing activities such as travel and conferences due to the impact of covid-19.

Other income was £41k for the year (2020: £82k) and represents net gains made on derivative financial instruments employed by the Group's seed funds, hedging activities and other FX adjustments or revaluations.

Group Profit Share (“GPS”) Scheme

The Group operates a discretionary GPS Scheme i.e. variable remuneration, which is linked to both the financial performance of the Group and the achievement against individual performance objectives for staff. Historically a long-term average of 30% of underlying operating profit before GPS (“GPS pool”) has been made available to be awarded to staff. However, for the prior year ended 31 March 2020 the Remuneration Committee introduced changes to the operation of the scheme with the aim of rewarding individual employee performance that drives revenue growth, improvements to efficiency and reduced costs. Consequently, the expectation is that the average GPS % will now diverge from the long-term average due to the Remuneration Committee using the flexibility and discretion it already holds in varying the GPS pool between 25% to 35% of underlying operating profit before GPS.

For the year ended 31 March 2021, the GPS pool is 34% of pre-GPS underlying operating profit, which represents £3.2 million, a decrease of 9% over the previous financial year (2020: £3.5 million).

Further information on variable remuneration can be found in the Remuneration report starting on page 70.

Operating profit and margin

Group operating profit decreased by 20% to £6.1 million (2020: £7.6 million) and the Group operating margin decreased to 24% (2020: 30%). Whilst revenue has remained constant with last year, as expected the implementation of the new strategy has resulted in a short-term negative impact on the operating margin.

Cash flow

The Group consolidated statement of cash flows is shown on page 103 of the financial statements.

The Group’s year-end cash and cash equivalents stood at £6.8 million (2020: £14.3 million) and the total assets managed as cash were £19.8 million (2020: £22.3 million). The cash generated from operating activities before tax is shown on page 101 to the financial statements and was £7.7 million (2020: £7.9 million). During the year, taxation of £1.4 million was paid (2020: £1.4 million) and £5.3 million was paid in dividends (2020: £5.9 million).

At the year end, the Group held money market instruments with maturities between three and twelve months, worth £12.9 million (2020: £8.0 million). These instruments are managed as cash by the Group but are not classified as cash under IFRS rules (see note 18 of the financial statements for more details).

Dividends

An interim ordinary dividend of 1.15 pence per share (2020 interim: 1.15 pence) was paid to shareholders on 31 December 2020, equivalent to £2.2 million.

As disclosed in the Chairman’s statement on page 4, the Board is recommending a final ordinary dividend of 1.15 pence per share, equivalent to £2.3 million, taking the overall ordinary dividend for the financial year to 2.30 pence per share. Simultaneously, the Board is also paying a special dividend of 0.45 pence equivalent to £0.8 million, making the total dividend in respect of the year ending 31 March 2021 of £5.3 million equivalent to 100% of total earnings.

The total ordinary and special dividends paid per share in respect of the prior year ended 31 March 2020 were 2.30 pence and 0.41 pence respectively, equivalent to total dividends of £5.3 million and representing 83% of total earnings per share of 3.26 pence.

Financial stability and capital management

The Group’s balance sheet is strong and liquid with total net assets of £26.8 million at the end of the year, including current assets managed as cash totalling £19.8 million. The business remains cash generative, with net cash inflows from operating activities after tax of £6.3 million for the year (see consolidated statement of cash flows on page 101 of the financial statements).

The Board’s conservative capital policy is to retain minimum capital (being equivalent to shareholders’ funds) within the business broadly equivalent to twelve months’ worth of future estimated operating expenses (excluding variable remuneration), plus capital assessed as sufficient to meet regulatory capital requirements and working capital purposes, and for investing in new opportunities for the business.

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

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

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

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

Regulatory capital resources (£m)

	2021	2020
Core Tier 1 capital	26.8	28.0
Deductions: intangible assets	(0.4)	(0.4)
Regulatory capital resources	26.4	27.6

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

Cautionary statement

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

Risk management

Record's culture is one of integrity and accountability, and is embedded into the control environment across all areas of the business.

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

Risk management framework Risk appetite

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

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

Capital adequacy risk

Capital adequacy risk is the risk that the Group is unable to support its strategic business objectives due to not meeting its minimum regulatory capital requirement. The Group has a capital and dividend policy, which is designed to ensure that capital retained is broadly equivalent to one year's worth of estimated future overheads (excluding variable remuneration), in addition to capital assessed as required for regulatory purposes, for working capital purposes and for investing in new opportunities for the business.

This policy ensures a significant capital buffer over regulatory requirements, and consequently capital adequacy risk is not considered a significant risk in terms of the principal risks detailed on pages 45 to 48.

The business is also exposed to both conduct risk and reputational risk.

Conduct risk

Conduct risk is defined as the risk of causing detriment to a client or damaging the integrity of the market because of poor systems or processes, or inappropriate judgement by staff in execution of the Group's business.

The conduct of our staff and the strength of our internal control systems and processes are fundamental to the effective operation of the Group's risk management framework. The impact of conduct risk is evident and managed primarily within the strategic, operational and investment risk categories, and when combined equates to the overall conduct risk of the Group. Consequently, conduct risk is not considered as a separate risk category within the principal risks section on pages 45 to 48.

Reputational risk

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

The remaining principal risk categories are listed below and further detail is given on pages 45 to 48:

Strategic risk

Business risk

Operational risk

Investment risk

Oversight

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

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

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

Risk management framework – overview



The Board has delegated authority to the Investment Committee to approve changes to any of the Group’s investment processes and to establish and maintain policies for these processes. The Investment Committee’s members are listed on page 61. Investment Committee approval is required prior to implementation of any new or amended investment process or product.

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

Lines of defence

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

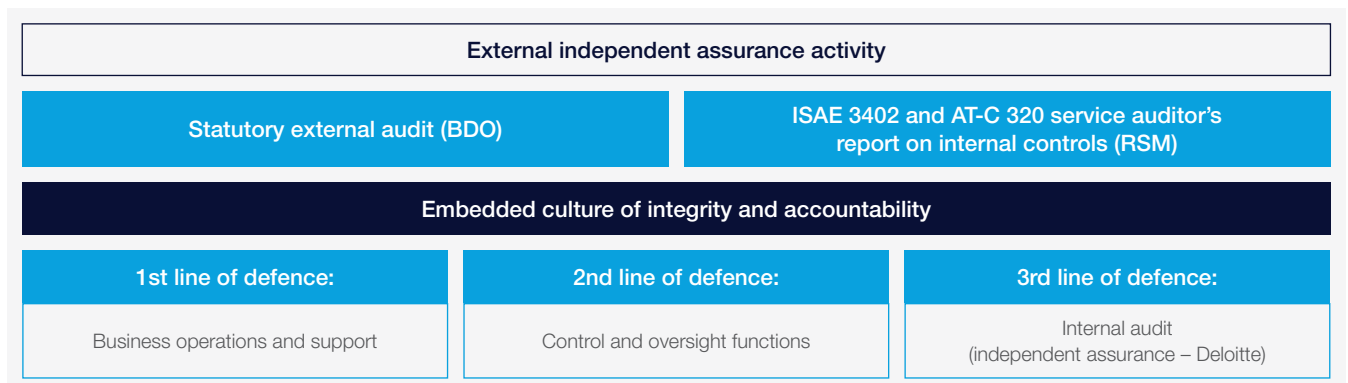
The overall risk management framework is underpinned by three lines of defence and is overseen by the Audit and Risk Committee, as delegated by the Board.

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

The third line of defence is performed by internal audit, which provides independent assurance on the adequacy and effectiveness of the Group’s risk management, control and governance processes, providing recommendations to improve the control environment. Internal audit is provided by Deloitte LLP (“Deloitte”).

External independent assurance for shareholders is gained through the statutory annual external audit process run by BDO LLP (“BDO”), the Group’s external auditor. The Group has commissioned RSM Risk Assurance Services LLP (“RSM”), an independent third party, to perform the annual service auditor’s report in respect of Record Currency Management Limited under both the International Standard on Assurance Engagement (“ISAE”) 3402 and the American Institute of Certified Public Accountants Attestation Standard AT-C Section 320 (“AT-C 320”). In performing this work, RSM reports its opinion on the description of internal controls with respect to the investment management and information technology activities, the suitability of the design of the relevant controls, and the operating effectiveness of specific controls for the period 1 April to 31 March, in line with the Group’s financial year.

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



Risk management continued

Covid-19

Whilst the impact of covid-19 continues to disrupt the world economy, many businesses, including those in financial services, have successfully adapted to working under the change in environment, including full remote working. Market liquidity has now returned and the temporary market dislocations seen during the pandemic have now receded. However, at time of writing, the pandemic continues to cause severe disruption across certain parts of the globe, including the identification of new strains of the virus, which has limited the progress in the global recovery. Therefore, whilst no longer an emerging risk, a degree of uncertainty persists and the risk continues to be assessed under business risk.

Information on how the Group has been impacted by the pandemic, including on its business and operations, is given in more detail below.

Review of the impact of covid-19

Our people

Covid-19 is a public health crisis and first and foremost our focus has been on the health and wellbeing of our people and their families. During the crisis, Record has not furloughed any staff nor made any covid-19 related redundancies, and we have not relied on any external support in the form of government assistance schemes. At time of writing, planning has begun for the easing of restrictions and how these may impact the return to “normal” working conditions in terms of social distancing, travel, increased office hygiene requirements and other measures. As a result of the pandemic, all of our employees are fully able to work remotely, giving us an opportunity to offer a more flexible working pattern thereby improving the work-life balance for our employees going forward.

Our clients

Record's clients are institutional and of high quality with strong, long-standing and trusted relationships built over many years. Record has not lost any clients as a result of the covid-19 pandemic and, using technology-led solutions and digital channels, has maintained strong lines of communication and service levels throughout the crisis, responding to client requests in volatile markets and restricted liquidity, and underpinning the quality of our service offering. The quality of our clients is reflected in the business having not suffered from any unpaid fees for over 20 years through various market crises and cycles, and we have not seen any change in our recovery rates as a result of the pandemic.

Our technology and operations

Full business continuity has been maintained throughout all stages of the crisis. Remote access systems have been strengthened and over the course of the lockdown additional IT equipment and resource has been sourced to facilitate both the necessary communication channels with clients, and the required working environment from home.

Our governance and oversight

Virtual meetings have replaced physical meetings in the office and broadly follow the same pattern as prior to the crisis, although the frequency for some meetings was increased in the early stages of the pandemic, for example more regular Audit and Risk Committee meetings and weekly Executive Committee catch-ups to discuss employee wellbeing, market behaviour and other management issues.

Our risk and management reporting framework has continued to function as planned, as have monitoring and oversight tasks operated by the compliance team.

Our business model

With the exception of those changes mentioned above, the impact of covid-19 on our business model has been fairly limited and well contained. Our costs have not materially increased as a result of the virus and our balance sheet remains well capitalised and robust, maintaining our independence throughout. In terms of revenue, whilst we have not seen and do not anticipate any direct material outflows as a result of covid-19, the link between some of our clients' mandates with other markets, such as equity and fixed income, means our AUME is also affected to a lesser extent by movements in such markets. Consequently, whilst we saw a relatively small impact (-7%) on our AUME at the start of the pandemic in the final quarter of FY-20, this proved relatively short lived. Markets have since rebounded and our AUME increased by 14% (+\$8.4 billion) in FY-21 as a result of such market movements.

As expected, our short-term profitability has been impacted by the investment made in implementing our new strategy and not as a result of the impact of covid-19 on the business, which remains profitable and cash generative, with no changes to our capital or dividend policy.

Emerging risks

Emerging risks are primarily external in nature and tend to overlay the Group’s existing principal risk categories. Emerging risks can include natural disasters, pandemics, disruption in financial markets and business infrastructure, political risk and changes or trends in the competitive landscape. The Group Board, management and Risk Management Committee constantly monitor emerging risks by including these in the ongoing review of risks performed through the risk management framework, assessing the potential likelihood and impact on the principal risks faced by the business.

Emerging risk – trend in sustainable investment

The last year has seen a rapid acceleration of the move towards sustainable investment. Investor sentiment is now more focused than ever on the effects of climate change and on how the financial sector can force the change for good through the promotion of responsible investment. This trend will only continue and must be acknowledged by embracing the challenge and recognising the opportunities available to make a difference.

Record has identified responsible investment as an essential prerequisite to successful, resilient and prudent investment management. This year has seen the formalisation of Record’s sustainability framework, incorporating sustainability into our investment philosophy and governance structure. Our commitment to delivering responsible investment products for our clients has been illustrated by the development of the Record EM Sustainable Finance Fund in collaboration with a large Wealth Manager in Switzerland, more information on which is provided in our case study on page 15.


The risk associated with this trend has moved from an emerging risk to a strategic risk, since the impact of not recognising the risk or opportunities arising could lead to a failure to deliver the growth strategy, thereby affecting the longevity of the Group.

Principal risks

The following section shows the Board’s assessment of the principal risks faced by the business alongside an explanation of how these risks have been managed or mitigated, and how the significance of the risk has changed during the year. These risks fall into a number of distinct categories and the means to mitigate them are both diverse and relevant to the nature of the risk concerned.

Strategic risk

The risk of failing to identify and implement the correct strategy would impact expected outcomes, earnings and profitability of the Group. This risk is influenced by internal and external factors.

Risk	Link to strategy	Rating	Change	Mitigating activities and update
<p>Failure to deliver strategy – risk of failure to achieve strategic objectives through internal or external factors.</p> <p><i>Potential impact</i> – reduced short to medium-term profitability, and growth prospects and viability limited longer term.</p>	<p>1 2 3</p>	<p>Low</p>		<p>The Board sets strategy and is responsible for ensuring the Group has the right structure, leadership and culture to execute.</p> <p>Regular and ongoing review of strategic options, opportunities and threats.</p> <p>New leadership has made progress in executing change in strategy, as illustrated through 37% growth in AUME, new product development, implementing new technology, and new talent in senior positions.</p>

Key to strategy link

1 Quality client experience

2 Technology and innovation

3 Talent development

Risk management continued

Business risk



The risk of the business being unable to generate fee income and to control costs in line with business plans.

This risk is influenced by internal and external factors.

Risk	Link to strategy	Rating	Change	Mitigating activities and update
<p>Concentration risk – the risk of concentration either by product, client type or geographical location leading to over-reliance on any one category of revenue.</p> <p>Potential impact – Record's products are predominantly currency management based. A move away from currency by its core client base or a high-value client, or a change in Swiss regulation, could result in material outflows and loss of revenue.</p>	<p>1</p> <p>2</p>	Medium		<p>Continued diversification of investment capabilities across risk-reducing and return-seeking products, plus the capability to offer bespoke products to meet client requirements.</p> <p>Commitment to client services excellence and transparent investment process is integral to retention.</p> <p>Building long-term and close trusted adviser relationships with clients assists with retention, even in the event of regulatory change or market uncertainty and disruption.</p> <p>Restructure of Client Team to focus on diversification of products and geographies.</p> <p>Significant and diversified AUME inflows achieved in FY-21.</p>
<p>Margin compression – the risk of a lower fee environment due to changes in investor demand or competitive pricing pressures, and/or rising costs within the industry arising from regulatory requirements and/or technological advances.</p> <p>Potential impact – reduced fee rates and/or increased costs lead to decreased margins and lower returns for shareholders.</p>	<p>1</p> <p>2</p>	Low		<p>Bespoke solutions and added-value to differentiate products within the market.</p> <p>Focus on offering premium service differentiates Record from competition and builds long-standing and "trusted adviser" relationships.</p> <p>Continued investment into resources and technology to ensure effective and cost-efficient processes.</p> <p>Notwithstanding the FY-21 reduction in operating margin, reduced reliance on revenue from lower-margin products (Passive Hedging) with the win of a significant Dynamic Hedging client during the year in addition to the anticipated launch of the Record EM Sustainable Finance Fund have reduced this risk in the current financial year (FY-22).</p>
<p>People and employment risk – the inability to attract or retain key employees or to plan for succession could impact the Group's ability to support business activities or achieve strategic objectives.</p> <p>Potential impact – not supporting business activities or achieving the strategic objectives of the Group would lead to a material negative impact on corporate performance.</p>	<p>1</p> <p>2</p> <p>3</p>	Medium		<p>Promotion of collegiate and professional culture, good career opportunities, study support and overseas secondments.</p> <p>Remuneration policy and share-based remuneration schemes align key personnel and promote retention.</p> <p>The Group continues to focus on succession planning to mitigate the risk from over-reliance on key personnel, as illustrated by the change in CIO and restructure of the Client Team during the year.</p> <p>Growth agenda under the new strategy has increased the ability to attract talent on a global basis.</p>
<p>Regulatory change – the risk of failure by the Group to comply with the introduction of new regulation or changes to existing regulation.</p> <p>Potential impact – ability to do business may be affected, resulting in loss of revenue or regulatory censure.</p>	<p>1</p> <p>2</p>	Low		<p>Experienced Board and senior management engage proactively with industry bodies and have a transparent and open relationship with regulators.</p> <p>Investment in expertise, systems and training to ensure robust compliance culture maintained across the business.</p> <p>The implementation of new Prudential regulations (IFPR) adds to the increase in regulatory change risk for FY-22.</p>

Operational risk

Operational risks are broad in nature and inherent in all activities and processes performed across the business, and all other businesses. They include the risk that operational flaws result in business losses – through error or fraud, the inability to capitalise on market opportunities, or weaknesses in systems and controls.

Risk	Link to strategy	Rating	Change	Mitigating activities and update
<p>Technology and information security risk – cyber security presents an ongoing significant risk to financial services companies, including the risk of failure of the Group’s technology and support systems, or penetration of such systems by third parties.</p> <p>Potential impact – consequential loss of data, or the significant disruption to, or prevention of, the Group’s ability to operate, which could cause negative financial and reputational consequences.</p>	<p>1</p> <p>2</p>	High		<p>Comprehensive disaster recovery (“DR”) and business contingency plans are in place and tested on a regular basis.</p> <p>Information technology policies and technical standards are deployed across the Group, including induction and regular security awareness training.</p> <p>Record continues to monitor, review and invest in its cyber and data security systems, incorporating input from the internal auditor and third party advisers.</p> <p>Cyber-related metrics are monitored, reported and reviewed in monthly management information and Board information packs.</p> <p>Throughout our industry, covid-19 has increased the risks associated with technology and information security systems. This includes the opportunity for criminals to exploit new vulnerabilities that may arise, for example through remote working. Whilst Record recognises this threat and invests and responds accordingly, the Group acknowledges the increase in the inherent risk associated with cyber attacks.</p>
<p>Operational control environment – the risk of errors in execution and process management, legal, dealing, portfolio implementation, settlement, managing bespoke requirements and reporting and the risk of non-compliance including monitoring of investment breaches.</p> <p>Potential impact – such errors or non-compliance could potentially lead to negative financial and reputational consequences.</p>	<p>1</p> <p>2</p>	Medium		<p>Dedicated and experienced portfolio management team oversees the investment process.</p> <p>Dedicated and independent Front Office Risk Management team provides pre and post-trade compliance assurances.</p> <p>Compliance and Business Risk teams oversee adherence to formal and established procedures via a structured monitoring programme, reporting directly to the Risk Management Committee.</p> <p>Automated post-trade compliance tests monitor whether programmes are running in line with expectations and allow timely resolution.</p> <p>Annual ISAE 3402 and AT-C 320 service auditor’s report on internal controls independently reviewed and tested by RSM.</p> <p>The Group has maintained the high standards around its operational control environment notwithstanding the impacts of covid-19, including the facilitation of full remote working for the majority of the year.</p>

Key to strategy link

1 Quality client experience



2 Technology and innovation

3 Talent development

Risk management continued

Investment risk

The risk that long-term investment performance is not delivered, damaging prospects for winning and retaining clients, and putting management fee rates under pressure.

Risk	Link to strategy	Rating	Change	Mitigating activities and update
<p>Product underperformance – the risk that long-term investment performance is not delivered.</p> <p>Potential impact – damages prospects for winning and retaining clients, minimises revenues through reduced management and performance fees and may cause reputational damage.</p>	<p>1</p> <p>2</p> <p>3</p>	High		<p>Experienced Investment Committee meets regularly, ensuring consistent core investment processes are applied.</p> <p>Dedicated currency management research and investment focus.</p> <p>Diversification, both through offering multiple strategies that benefit from opposing market conditions i.e. “risk-on” and “risk-off”, and through a client base which is diverse in geography and base currency.</p> <p>Remuneration policy links senior management’s remuneration to long-term performance of the Group.</p> <p>Product underperformance risk will be further diversified with the future launch of the Record EM Sustainable Finance Fund.</p>
<p>Market liquidity risk – the risk of reduced or constrained market liquidity, which would affect Record’s investment process as it relies on trading a high turnover of client positions in both size and volume.</p> <p>Potential impact – a reduction in market liquidity or the non-functioning of financial markets could affect Record’s ability to meet its contractual obligations to clients, resulting in outflows and reductions to revenue.</p>	<p>1</p> <p>2</p>	Low		<p>The Group has a large panel of banking counterparties it uses to trade on behalf of clients in currency and related instruments.</p> <p>Currency is a particularly deep and liquid market that has continued to provide sufficient daily liquidity, despite disruptive market “shock” events such as the result of the EU referendum in June 2016 and more recently the impact of the covid-19 pandemic.</p> <p>Market conditions have recovered from the lack of liquidity and temporary market dislocations evident during the pandemic.</p>

Key to strategy link

1 Quality client experience

2 Technology and innovation

3 Talent development

Viability statement

In accordance with the UK Corporate Governance Code, the Directors have performed a robust assessment of the viability of the Group considering the business model, the Group's expected financial position, Board strategy and risk appetite, the Group's solvency and liquidity and its principal risks. Based on this assessment, the Directors have a current and reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due up to 31 March 2024.

The Directors review the financial forecasts and position of the Group on an ongoing basis. The capital and dividend policy reflects the stated objectives of maintaining a strong balance sheet whilst allowing the Group the flexibility to adapt its products and services to market conditions, or to take advantage of emerging business opportunities. The Group's strategy and principal risks are assessed and reviewed regularly at Board and Executive level, and by operational sub-committees within the Group. Further detail on the Group's strategy and principal risks is given in the Strategic report on pages 20 to 23 and 44 to 48 respectively.

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

- market downturn – resulting in AUME decreasing, either through outflows and/or a reduction in value due to the link to other financial markets;
- operational risk event – causing AUME outflows and potentially reputational damage; and
- the loss of key personnel – resulting in the loss of AUME or the inability to win new clients.

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

As discussed in more detail on page 44, the impact of covid-19 on our business has been limited to managing the change in our physical working environment and practices, and in ensuring the wellbeing of our employees and their families. We have maintained both continuity in operational and client servicing matters as well as our independence without the need for additional funding or the use of government-related schemes.

However, a degree of uncertainty remains, for example linked to the ability of the vaccines to contain potential new strains of the virus and the corresponding potential impact upon the global recovery. Consequently, the market downturn scenario has been the subject of further focus. The updated scenario assumed an immediate 40% reduction in AUME due to market movements with minimal recovery over the viability assessment period, and with management actions limited only to the cessation of dividend payments. Notwithstanding such a severe and immediate decrease in AUME and hence revenues, the Group remained viable, retaining a strong capital position significantly in excess of its regulatory requirement supported by significant liquid resources.

Changes in our industry such as the increase in demand for sustainable investment products and advances in technology provide both challenge but also opportunity to the Group, and economic uncertainty linked to the long-term impact of covid-19 will persist for the foreseeable future. Through its change in strategy and increased focus on growth, combined with the continued enhancement of its products and services and in maintaining its approach to innovation and the use of technology, the Directors believe the Company to be capable of meeting such challenges, as evidenced by the growth and diversification of AUME seen over the year. However, the Directors consider a three-year horizon over which to assess the viability of the Group to be appropriate under such circumstances, since it provides a sharper focus and any further planning horizon provides a greater level of uncertainty to financial projections.

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

Governance

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Chairman's introduction

Effective corporate governance is key to the long-term success of any business. In this section of the Annual Report we set out our extensive corporate governance arrangements and describe the operation of the Board and its Committees during the year.



Neil Record
Chairman

The financial year has been dominated by the covid-19 pandemic and the business has adapted well and operated successfully with minimal interruption to its operations. This is thanks in part to the strong and robust corporate governance framework which the Group has in place, together with the fact that the Board and its Committees have worked closely with the Group's highly experienced management team to support Record's operational teams in continuing to deliver a high-quality range of products and services to our clients.

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

Neil Record
Chairman

16 June 2021

Company purpose

To deliver innovative, thought leading and practical solutions to the needs of currency market users and investors, while maintaining independence and integrity.

Corporate culture

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

Corporate governance framework

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

Further information on the corporate governance framework is provided on pages 60 and 61.

Compliance with the 2018 UK Corporate Governance Code

Throughout 2020, the Company has applied the main principles and provisions of the Code as deemed appropriate to Record. Pages 54 and 55 provide an overview of how the Code has been applied and Record's departures from the Code are fully explained.

Section 172 disclosure

Section 172 of the Companies Act 2006 requires directors to promote the success of the company for the benefit of the members as a whole and in doing so to have regard to the interests of stakeholders including clients, employees, suppliers, regulators and the wider society in which it operates. Details of how the Board engaged with Record's various stakeholders are shown on pages 34 and 35.

Board of Directors

The Board of Record plc is a highly skilled and committed group of individuals who are focused on understanding Record's strengths and the challenges the Group faces.



Neil Record

Chairman

Appointed:

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

Previous appointments:

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

Current external appointments:

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

Skills and experience:

As founder of the business Neil remains integral to the development of Record's products and the direction of business strategy. As Chairman he is a strong figurehead, well-known and well-respected within the field of currency management and as such is an asset to the Board.

Neil is the author of numerous books and articles on currency and other risk management topics and is a frequent speaker at industry conferences and seminars worldwide.

Committee memberships:



Leslie Hill

Chief Executive Officer

Appointed:

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

Previous appointments:

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

Current external appointments:

Leslie is a director of Trade Record Ltd.

Skills and experience:

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

This extensive experience means Leslie as CEO is ideally suited to leading Record in the current client-led changing environment and to ensuring that it thrives within it.



Steve Cullen

Chief Financial Officer

Appointed:

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

Previous appointments:

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

Current external appointments:

Steve has no other appointments outside of the Record Group.

Skills and experience:

Steve joined Record in October 2003 and led Record's Finance team for over nine years reporting directly to the Chief Financial Officer. He was part of the internal management team at Record involved in the preparation for admission to trading on the London Stock Exchange in December 2007. With his ICAEW FCA qualification and over 30 years' experience, including over 17 years within financial services, Steve brings considerable accounting, financial and risk management expertise to the Board.



Jane Tufnell

Senior Independent Director

Appointed:

Jane was appointed as a Non-executive Director in September 2015 and became the Senior Independent Director in October 2018.

Previous appointments:

Jane co-founded the investment management firm Ruffer in 1994, and served on its management board until her retirement in June 2014.

Current external appointments:

Jane is the chair of Odyssean Investment Trust plc and ICG Enterprise Trust plc and is an independent non-executive director of Schroder UK Public Private Trust plc.

Skills and experience:

Jane has a wealth of investment management expertise and her experience as a non-executive director on other boards means she is well placed to bring valuable market experience and good business insight to the Board in order to drive the business forward. Jane's experience on other boards also positions her well to serve as Senior Independent Director.

Committee memberships:





Rosemary Hilary
Non-executive Director

Appointed:
Rosemary was appointed as a Non-executive Director in June 2016.

Previous appointments:
Rosemary was previously Chief Audit Officer of TSB Bank, and has held senior regulatory roles within the Bank of England, the FSA and then the FCA. Rosemary was formerly a member of the Investment Committee and Chair of the Risk and Audit Committee of the Pension Protection Fund (2016 to 2019) and Trustee and member of the Audit, Risk and Finance Committee of Shelter, the homelessness charity.

Current external appointments:
Rosemary is a non-executive director of Willis Limited, St. James's Place plc, Vitality Life and Vitality Health. She is also a member of the MBA Advisory Board at Cass Business School.

Skills and experience:
Rosemary is a qualified accountant with expertise in governance, business risk and control, and has strong knowledge of the asset management, insurance and banking sectors. Rosemary provides support and challenge to Record's management, and in doing so helps the Board maintain its strong governance framework.

Committee memberships:



Tim Edwards
Non-executive Director

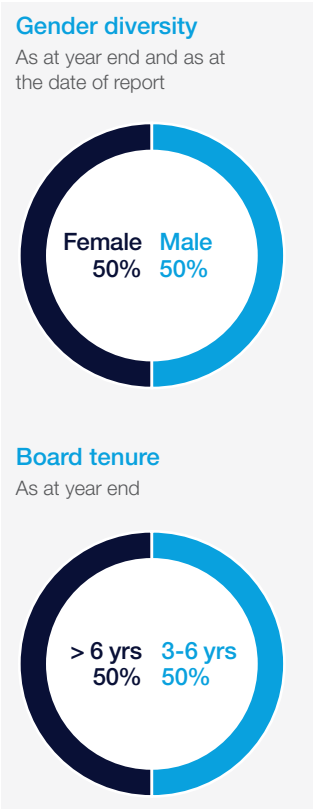
Appointed:
Tim was appointed as a Non-executive Director of Record in March 2018.

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

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

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

Committee memberships:



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

Corporate governance report

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

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

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

Copies of the Code can be obtained from the FRC's website at www.frc.org.uk.

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

The Code consists of the 18 principles set out in this table; each is cross-referenced to the relevant section of this Annual Report.

Board Leadership & Company Purpose

A. A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.

Board of Directors, pages 52 and 53
Board structure, page 56
Our stakeholders, pages 34 and 35

B. The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.

Strategic priorities and goals, pages 20 to 23

C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

Key performance indicators, pages 24 to 27
Risk management, pages 42 to 48
Governance framework, pages 60 and 61
Audit and Risk Committee report, pages 64 to 69

D. In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.

Our stakeholders, pages 34 and 35

E. The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

Our stakeholders, pages 34 and 35
Sustainability report, pages 28 to 35

Division of Responsibilities

F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

Board structure, page 56
Board activity, pages 58 and 59

G. The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.

Board structure, page 56
Nomination Committee report, pages 62 and 63

H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

Board structure, page 56
Nomination Committee report, pages 62 and 63

I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Board structure, page 56
Board activity, pages 58 and 59
Governance framework, pages 60 and 61

Composition, Succession & Evaluation

J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
Nomination Committee report, pages 62 and 63

K. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.
Nomination Committee report, pages 62 and 63

L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.
Board effectiveness, page 59
Nomination Committee report, pages 62 and 63

Audit, Risk & Internal Control

M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.
Directors' report, pages 86 to 88
Audit and Risk Committee report, pages 64 to 69
Financial review, pages 39 to 41
Risk management, pages 42 to 48

N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.
Audit and Risk Committee report, pages 64 to 69
Strategic report, pages 1 to 49

O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks that the company is willing to take in order to achieve its long-term strategic objectives.
Audit and Risk Committee report, pages 64 to 69
Risk management, pages 42 to 48

Remuneration

P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.
Remuneration report, pages 70 to 85

Q. A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.
Remuneration report, pages 70 to 85

R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.
Remuneration report, pages 70 to 85

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

- Provision 9 of the Code recommends that the chair should be independent on appointment. Neil Record is deemed to be a controlling shareholder and so was not independent on appointment. However, the Board is of the opinion that the potential issue of non-independence is outweighed by the attributes of leadership and guidance that Neil brings to the role.
- Provision 19 of the Code recommends that the chair should not remain in post beyond nine years from the date of first appointment to the board. Neil Record founded the Record Group in 1983 and led the business until its IPO in December 2007. At the time of the IPO it was agreed Neil was best placed to continue to chair the business, a role he has undertaken ever since.
 Neil is well-known and well respected within the field of currency management and his long established involvement with the business, his ideas and character have built the business to what it is today. The Board is of the opinion that Neil continues to add considerable value and that retaining him as Chairman is therefore justified for the foreseeable future. Details of the Nomination Committee's review of the tenure of the Chairman conducted in 2021 together with its conclusion are provided on page 63.
- Provision 21 of the Code recommends that the chair should consider having a regular externally facilitated board evaluation. In FTSE 350 companies this should happen at least every three years. As a non-FTSE 350 company the triennial requirement for an external assessment does not apply to Record plc and to date has not been considered necessary. Details of the evaluation process conducted in 2021 which incorporated a workshop facilitated externally are provided on page 63.
- Provision 38 of the Code recommends that the pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce. Historically, the pension contribution rates for Executive Directors have been higher than the rest of the workforce; this discrepancy has now been addressed effective 1 April 2021. Details of how pension contribution rates are being aligned across the business are provided in the Remuneration report on page 73.

Corporate governance report continued

Board structure

Board composition

The Record plc Board consists of six members and is headed by Neil Record (Chairman), with the Executive Directors, Leslie Hill (Chief Executive Officer) and Steve Cullen (Chief Financial Officer). There are currently three Non-executive Directors, Jane Tufnell, being the Senior Independent Director, Rosemary Hilary and Tim Edwards. The biographical details of the Board members are set out on pages 52 and 53.

In February 2021 Bob Noyen stepped down from the Record plc Board but remained as Chief Investment Officer and a director of Record Currency Management Limited. Mr Noyen subsequently resigned from the role of Chief Investment Officer and a director of Record Currency Management Limited effective 31 March 2021, and is now retained by Record on a twelve-month consultancy contract. Further information on this Board change is detailed in the Nomination Committee report on page 62. There have been no new external appointments to the Board during the year.

Code provision

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

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

Board responsibilities

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

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

Chairman

The Chairman is responsible for leadership of the Board. He is also responsible for overseeing the activities of the Chief Executive Officer and providing advice, guidance and support to the executive team. He works with the Board to develop Group strategy and support its implementation. The Chairman is a principal ambassador of Record and a guardian of the Group's ethos and values.

Chief Executive Officer

The Chief Executive Officer is responsible for the executive management of the Group to grow the business profitably while acting in the interests of all stakeholders – clients, shareholders, employees and industry regulators – and upholding the core values of Record. Her statement on FY-21 and the outlook for the Group can be found on pages 6 and 7.

Chief Financial Officer

The Chief Financial Officer is responsible for the finance function, the financial management and control of the business, and for developing and delivering appropriate internal and external financial reporting. His financial review for FY-21 can be found on pages 39 to 41.

Senior Independent Director

The Senior Independent Director's role is to act as a sounding board for the Chairman, oversee the evaluation of the Chairman's performance (see page 63) and serve as an intermediary for the other Directors if necessary. She is also available as an additional point of contact for shareholders and other stakeholders should they wish to raise matters with her rather than the Chairman or the Chief Executive Officer.

Non-executive Directors

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

Independence of the Non-executive Directors

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

Director appointments and time commitment

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

The Company's Articles of Association were revised in 2020 to align with the UK Corporate Governance Code July 2018, current legislation and market practice and were subsequently approved by shareholders at the 2020 AGM. Under the Articles all Directors are subject to annual election by shareholders and all of the Directors will stand for re-election at the 2021 AGM, with the exception of Jane Tufnell who will be standing down for personal reasons.

The Board has agreed that all Directors standing for re-election continue to make a valuable contribution to the Board's deliberations and recommends their re-election. As required by the UK Listing Rules, the appointment of independent directors must be approved by a simple majority of all shareholders and by a simple majority of the independent shareholders. Further details are set out in the 2021 Notice of AGM.

Non-executive Directors' letters of appointment stipulate that they are expected to commit sufficient time to discharge their duties. Non-executive Directors are required to notify the Chairman before taking on any additional appointments. Details of other roles held by the Non-executives are set out in their biographies on pages 52 and 53. The Board is satisfied that all Directors continue to be effective and demonstrate commitment to their respective roles.

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

For details of Executive Directors' service contracts, termination arrangements and Non-executive Directors' letters of appointment, please refer to the Remuneration report, page 84.

Board member diversity

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

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

The Board currently has three female members in a board of six and thus women make up 50% of the Board. The Board's opinion is that the current composition of members comprises a good mixture of skills, experience, knowledge and backgrounds and is therefore appropriate for the business at the present time. Future Executive Director succession planning will take into account the benefits of diversity including gender diversity as set out in the Group's Board Diversity Policy. Diversity in the workplace is described on pages 31 and 32.

Corporate governance report continued

Board activity

Board focus and decision-making

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

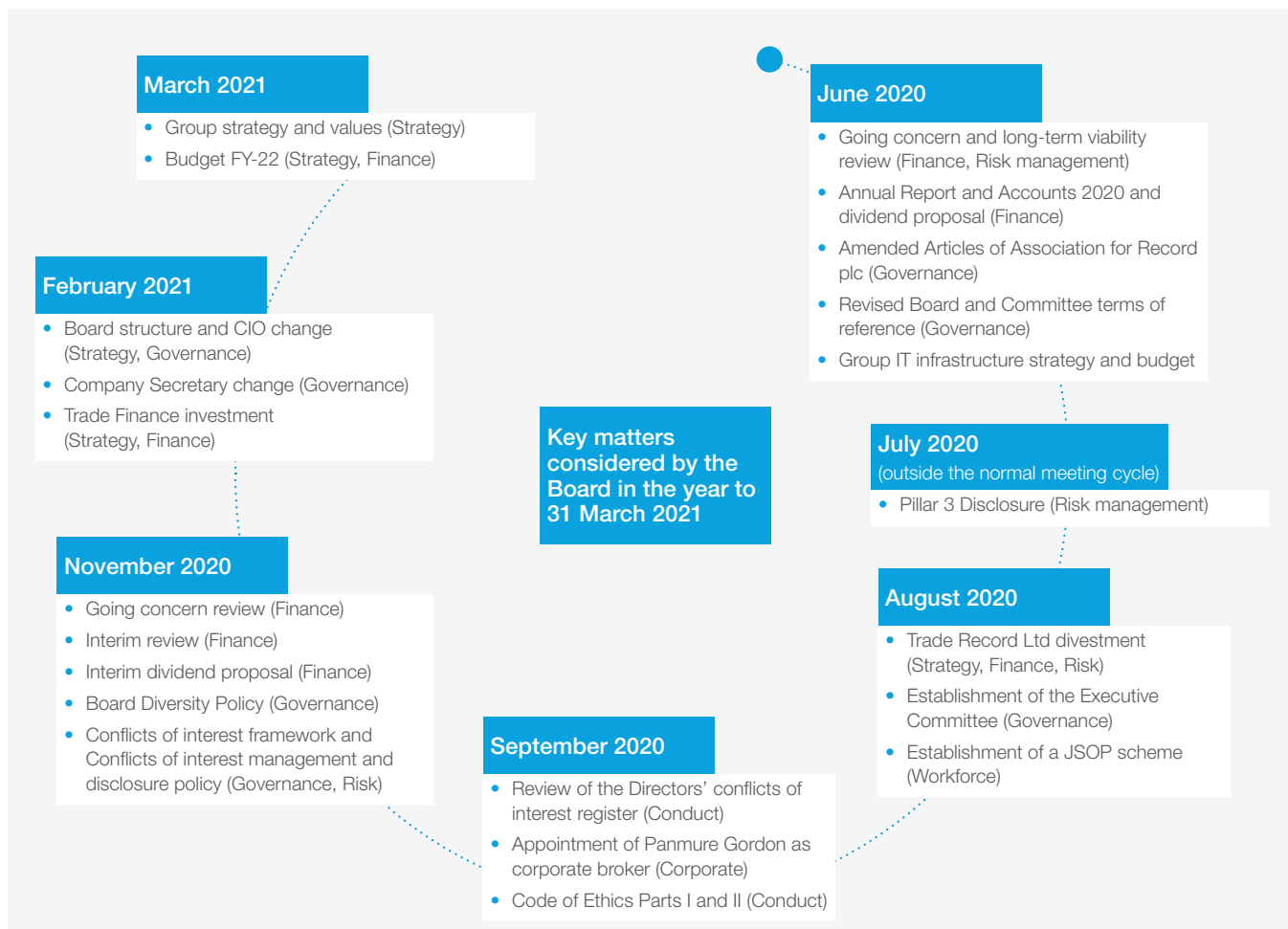
Material circulated in advance of the meetings has included:

- Minutes of the previous Board meetings
- Executive Team meeting minutes
- CEO report
- KPI data pack
- Investment performance report
- Investment Committee report
- IT strategy and systems report
- Research activities report
- Compliance and risk report
- COO report
- Head of HR report
- Management information pack

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

Ongoing matters discussed included Brexit planning, the implementation of SMCR, global regulatory developments and the covid-19 pandemic.

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



Meeting frequency and attendance

The Board met six times between 1 April 2020 and 31 March 2021 to review financial performance and to follow the schedule of matters reserved for its decision and approval. Comprehensive Board papers, comprising an agenda and formal reports and briefing documents, are sent to Directors in advance of each meeting. Directors are regularly informed by senior executives and external advisers on the Group's affairs, including commercial, regulatory, legal, corporate governance and other relevant matters.

Appropriate and timely notice is given of all Board meetings and all Directors receive information in advance so that if they are unable to attend, their input can be tabled and taken into consideration. The Board has regular offsite strategy meetings and additional meetings as required to address specific issues. As a result of the covid-19 crisis no offsite strategy meetings were held during the year under review.

Any concerns raised by Directors which are not resolved are recorded in the Board minutes. No such matters were noted during the year ended 31 March 2021.

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

Meetings in the year: 6	
Neil Record	6/6
Jane Tufnell	6/6
Rosemary Hilary	6/6
Tim Edwards	6/6
Steve Cullen	6/6
Leslie Hill	6/6

Bob Noyen attended five meetings before he stepped down from the Board in February 2021.

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

Board effectiveness

Board induction and training

New Directors appointed to the Board receive advice as to the legal obligations arising from the role of a director of a UK-listed company as part of a tailored induction programme. This training includes briefings with the Chairman, Executive Directors and senior management to help new Directors familiarise themselves with their duties and the Group's culture and values, strategy, business model, businesses, operations, risks and governance arrangements.

The Company Secretary, under the direction of the Chairman, is responsible for maintaining an adequate continuing education programme, reminding the Directors of their duties and obligations on a regular basis, ensuring good information flow between the Board, its Committees and management and assisting with Directors' continuing professional development needs.

On an ongoing basis all Directors have access to independent professional advice, when required, at the Company's expense as well as to the advice and services of the Company Secretary.

Board performance evaluation

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

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

A Board effectiveness workshop was conducted in March 2021 and further details are provided in the Nomination Committee report.

Individual appraisal of each Director's performance is undertaken by the Chief Executive Officer and the Chairman. The Senior Independent Director conducts an annual appraisal of the performance of the Chairman with input from the other Board members. The outcome of these appraisals in 2021 was positive and all roles were considered to be undertaken effectively.

Corporate governance report continued

Corporate governance framework

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

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



Board Committees

The Board has established three Board Committees and delegated authority to each Committee to enable it to execute its duties appropriately. The annual reports of the three Committees provide a statement of each Committee's activities in the year:

- Nomination Committee – report set out on pages 62 and 63;
- Audit and Risk Committee – report set out on pages 64 to 69; and
- Remuneration Committee – report set out on pages 70 to 85.

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

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

Operational Committees

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

Executive Committee

Role: The Executive Committee with its sub-committees is the decision-making body for all day-to-day operations as delegated by the Board and Record plc's subsidiaries.

Members: During the year the Committee comprised the Chief Executive Officer as Chair, the Chief Financial Officer, the Chief Investment Officer, the Chief Operating Officer, the Head of Portfolio Management, the Head of Human Resources, the Head of Global Sales (April to December 2020) and the Head of Strategic Initiatives (from August 2020). Members of the senior management team are invited to attend as deemed appropriate.

Meetings: The Committee meets formally once a month and holds regular operational update meetings. Standing agenda review items for formal meetings include clients and client prospects, the management accounts, departmental KPI data, compliance issues, systems development, projects and resourcing. Operational policy documents are regularly reviewed by the Committee prior to formal approval by the Board or the appropriate Board Committee. The Head of Compliance and Risk is a regular attendee of meetings (attending eight out of twelve meetings in the year under review).

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

Sub-committees: During the year two new sub-committees were created, reporting in to the Executive Committee, each responsible for on-the-ground decision-making, these being the Human Resources Committee consisting of the CEO, Head of HR and the HR Director, and the Technology Committee consisting of the COO, CTO/Head of Infrastructure, CTO and Head of Strategic Initiatives. The aim being to facilitate more timely and more effective decision-making.

Investment Committee

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

Members: The Committee consists of the Chief Investment Officer, the Chief Executive Officer, the Group Chairman, the Head of Portfolio Management and the Head of Investment Strategy.

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

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

Risk Management Committee

Role: The Audit and Risk Committee has delegated to the Risk Management Committee the task of overseeing and mitigating operational risks arising across the activities of Record Currency Management Limited, the regulated entity within the Group.

Members: The Chief Operating Officer (Committee Chair), the Head of Compliance and Risk, the Chief Financial Officer, the Head of Client Onboarding, the Head of Operations, the Head of Portfolio Implementation, the Head of Trading, the Head of Front Office Risk Management and the Head of Reporting are all members of the Committee.

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

Reporting: The minutes of meetings are circulated to the Audit and Risk Committee and a report on the Risk Management Committee's activities is presented by the Chief Operating Officer, as the Committee Chair, at each Audit and Risk Committee meeting.

Internal control and risk management

The Board has overall responsibility for the Group's systems of internal control and the management of significant risks. The Board sets appropriate policies on internal control which are reviewed annually, and authority is delegated to the following Committees and senior personnel to implement and apply those policies:

- the Executive Committee;
- the Audit and Risk Committee;
- the Investment Committee; and
- the Risk Management Committee.

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

Further information on the Group's risk management framework is provided on pages 42 to 48 of the Strategic report.

The Audit and Risk Committee has undertaken a review of the effectiveness of internal controls for the year ended 31 March 2021 and is satisfied that the internal control environment is appropriate (see "Internal controls and risk management" on pages 67 and 68).

Approved by the Board and signed on its behalf by:

Kevin Ayles

Company Secretary

16 June 2021

Nomination Committee report

This year the Nomination Committee has continued to focus on overseeing Board and senior management composition and I am confident we have a highly effective team to deliver value to our stakeholders.



Jane Tufnell
Chair of the Nomination Committee

Role of the Committee

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

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

Committee meeting attendance

Jane Tufnell	7/7
Rosemary Hilary	7/7
Tim Edwards	7/7
Neil Record	7/7

Dear Shareholder

I am pleased to present the Nomination Committee report for the year ending 31 March 2021. This will be my last report as Chair of the Nomination Committee as I will be stepping down from the Board at this year's AGM on 27 July.

Key responsibilities

The key responsibilities of the Committee are to:

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

Membership of the Committee

The Committee has been chaired by Jane Tufnell since September 2016. Jane is supported by the other independent Directors, Rosemary Hilary and Tim Edwards, and the Group Chairman, Neil Record.

Committee meetings

The Committee met on seven occasions during the year ended 31 March 2021 and invited the Chief Executive Officer, Company Secretary and the Head of Human Resources to join the meetings as the Committee considered appropriate. Committee member meeting attendance is detailed above.

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

Key areas of focus

Board composition

The Committee has continued to be aware of the need for the business to be more responsive to the needs and demands of clients in an ever evolving environment and to have a Board structure in place which ensures the Group can adapt and change. The Committee met in January to review the composition of the Record plc Board and, in conjunction with ongoing discussions with the Chief Investment Officer, Bob Noyen, determined it was in the best interest of the Group that he should focus on addressing clients' demands and their currency exposures at an operational rather than strategic level. As a result of these discussions Bob Noyen elected to stand down from the Board of Record plc and this was approved by the Board on 4 February 2021.

Subsequently, Bob Noyen requested that he be retained on a consulting arrangement with the Group and the Board agreed this was acceptable. The Nomination Committee considered a proposal put forward by Leslie Hill as Chief Executive Officer to appoint Dmitri Tikhonov to the role of Chief Investment Officer and director of Record Currency Management Limited to replace Bob. The Committee considered Dmitri's extensive investment experience built up over more than 18 years at Record and the work he had undertaken in his role of Chief Investment Risk Officer and agreed that he had the skills necessary to perform the Chief Investment Officer role effectively. A recommendation was put to the Board of Record Currency Management Limited accordingly at their meeting held on 18 March 2021 and they expressed their full support and approval for Dmitri being appointed as Chief Investment Officer and director of Record Currency Management Limited to be effective 1 April 2021, subject to FCA approval.

Extension of the appointment term for Tim Edwards

In March 2021 the Committee reviewed the extension of the appointment term for Tim Edwards as a Non-executive Director following its expiry after the initial three-year term, Tim having been appointed on 22 March 2016. Tim was not present for this review. It was agreed that it was in the interests of both Record plc and Record Currency Management Limited that Tim be re-appointed on the same terms for a further period of three years, which may be extended further at the sole and absolute discretion of Record plc and Record Currency Management Limited. A recommendation was put to the Board accordingly and unanimously approved.

Board diversity

The Group's Board Diversity Policy was last reviewed by the Committee in November 2020. The Committee agreed the policy remained appropriate. The Committee has also acknowledged that future Executive Director succession planning should embrace the benefits of diversity, including gender diversity, to ensure that any individual selected will add to the Board's mix of perspective, experience, background and personal attributes.

The Committee is satisfied that the current composition of the Board is appropriate and meets the gender target set in the Group's Board Diversity Policy.

Tenure and effectiveness of the Chairman

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

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

The tenure of the Chair will continue to be reviewed by the Committee on an annual basis.

Performance of the Directors and the Board

In September 2020 the Committee considered the outcome of the SMCR competency and performance reviews conducted in respect of all the Board members and senior managers. The Committee acknowledged it was content with the competency assessments and performance evaluations made and that it had no concerns regarding the performance of any of the individuals reviewed.

A Board effectiveness workshop was conducted in March 2021, facilitated by an external company, Boardroom Review. They carried out interviews with Board members and reviewed information prior to a collective Board workshop discussing the strengths, challenges and contribution of the Board to the success and sustainability of the Company. Areas for focus were identified and the Board is aligning these actions with the implementation of the strategy.

In June 2021, the Committee reviewed the performance of the Board Committees. It concluded that the timetable of meetings, the issues addressed and the time committed by Non-executive Directors was appropriate.

Looking forward

The Committee plans to focus on the specification of the future role profile for the Chief Executive Officer with consideration of the business transition taking place and what the Record Group of tomorrow will look like to facilitate succession planning for both the Chief Executive Officer and Chair roles.

Approved by the Committee and signed on its behalf by:

Jane Tufnell

Chair of the Nomination Committee

16 June 2021

Audit and Risk Committee report

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



Rosemary Hilary
Chair of the Audit and Risk Committee

Role of the Committee

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

The Committee serves both Record plc and the Group’s FCA regulated entity, Record Currency Management Limited. The Committee also monitors oversight of the US regulated entity Record Currency Management (US) Inc.

Committee meeting attendance

Rosemary Hilary	8/8
Jane Tufnell	8/8
Tim Edwards	8/8

Dear Shareholder

I am pleased to present the Audit and Risk Committee report for the year ending 31 March 2021.

Committee duties

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

Internal controls, risk management and operational conflicts of interest:

- monitoring and reviewing the Group’s internal financial controls and the internal control and risk management systems;
- providing advice, oversight and challenge necessary to embed and maintain a supportive risk culture throughout the Group; and
- reviewing the conflicts of interest framework and making recommendations to the Board and management as appropriate.

Compliance, whistleblowing, fraud and anti-money laundering:

- considering and approving the remit of the Compliance & Risk function and challenging whether it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards;
- overseeing whistleblowing arrangements by which staff may raise concerns about possible improprieties in financial reporting or other matters; and
- reviewing the Group’s systems and controls for the prevention of bribery and reviewing the adequacy and effectiveness of the Group’s anti-money laundering systems and controls.

External audit:

- making recommendations relating to the appointment, re-appointment and removal of the external auditor and overseeing any tender of external audit services;
- approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the independence and objectivity of the external auditor, and reviewing the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements; and
- overseeing the provision of any non-audit services by the external auditor.

Internal audit:

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

Financial reporting:

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

The full terms of reference of the Committee were last updated and approved by the Board in June 2020; they comply with the UK Corporate Governance Code (the "Code") and are available on the Group's website or from the Company Secretary at the registered office address.

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

Membership of the Committee

The Committee has been chaired by Rosemary Hilary since September 2016. Rosemary is supported by the other independent Directors: Jane Tufnell and Tim Edwards.

Given her accounting and regulatory background, the Board considers that Rosemary is the most appropriate independent Director for the role of Audit and Risk Committee Chair and this view is supported by the other members of the Committee. The Board is satisfied that by virtue of their experience gained in other organisations, the Committee members collectively have competence relevant to the sector in which the Group operates. The biographical details of the Committee members are set out on pages 52 and 53.

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

Committee meetings

The Committee met eight times during the year ending 31 March 2021, being four quarterly meetings, two meetings ahead of results announcements and two additional meetings held as a result of the covid-19 crisis. The meetings were also attended by the Chief Executive Officer, the Head of Compliance and Risk, the Chief Financial Officer and the Chief Operating Officer.

Representatives from PwC for the period to 4 August 2020, and BDO thereafter, each attended three meetings as the incumbent external auditor and the Deloitte internal auditor partner attended all eight meetings. Minutes of the meetings were documented by the Company Secretary and retained on file.

Committee member meeting attendance for the year ending 31 March 2021 is detailed on page 64.

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

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

Committee Chair meetings

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

Committee evaluation

An internal review of Committee effectiveness was overseen by the Company Secretary in May 2021. The review was based on input from Board members, senior management, the internal audit partner and the external audit partner. The conclusion was that the Committee was effective in carrying out its duties.

Audit and Risk Committee report continued

Committee activities

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

- reviewing the form, content and integrity of financial information prior to release, including the Annual and Interim Reports;
- reviewing the content of each of the Interim Management Statements for subsequent Board approval;
- reviewing the adequacy and effectiveness of the Group's internal controls and risk management systems;
- considering the Pillar 3 disclosures prior to their recommendation for acceptance by the Board;
- receiving and reviewing internal audit updates and reports;
- evaluating the performance and independence of the internal auditor during the engagement period;
- reviewing the independence of the Group's external auditor and the nature of non-audit services supplied by the auditor;
- reviewing the external auditor's audit strategy for the interim review and the final audit;
- assessing the external auditor's concluding report for the interim review and the year-end financial statements;
- evaluating the performance of the external auditor over the period;
- reviewing regular reports by the Head of Compliance and Risk detailing internal compliance and risk management activities and issues;
- reviewing a "Risk Matrix" to ensure that key risks and risk movements are identified and addressed;
- examining departmental KPI and KRI data to ensure operational risks are identified and appropriately addressed by management;
- reviewing Risk Management Committee meeting minutes and summary activity reports by the Chief Operating Officer as Chair of the Risk Management Committee; and
- reviewing and approving the Group's whistleblowing policy.

Key areas of focus

Review of the regulatory landscape

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

Brexit

The Committee closely monitored management's Brexit preparations to ensure Record was suitably organised for all possible outcomes. Ahead of the end of the Brexit transition period the Committee was content that Record was suitably prepared and that Record could continue to serve all of its existing EU27 clients under existing investment management agreements from 1 January 2021. As part of its Brexit strategy Record established a German subsidiary, Record Asset Management GmbH, in November 2020.

Technology and cyber security

Given the extensive programme of technological developments being undertaken across the Group, the Committee has been keen to ensure that appropriate controls and processes are in place for all IT projects and all new systems implemented. The Committee has received regular updates from the Chief Technology Officer and the Head of Strategic Initiatives who also attended meetings to respond to the Committee's questions. The Committee has received reassurance that there is appropriate management involvement and oversight of the IT projects being undertaken. The Committee has been satisfied that business risks are being considered and monitored and that controls are in place as necessary. The Committee will continue to challenge the Head of Strategic Initiatives to ensure successful delivery of Record's technology strategy.

The Committee has remained conscious that cyber security presents an ongoing significant risk to financial services companies and has continued to monitor, review and challenge Record's cyber and data security processes; management's approach to developments and initiatives; and management's response to issues identified internally, by the internal auditor and by third party advisers. Management are working to secure Cyber Essentials certification and the Committee is supportive of this initiative. The need to remain vigilant is recognised and cyber security will continue to be a key focus for the Committee going forward.

An internal vulnerabilities assessment was conducted by an external third party in December 2020 and management then implemented a plan to address the gaps identified. These gaps were not material and the Committee was content with the action proposed and taken by management.

Third party assurance services

RSM Risk Assurance Services LLP ("RSM") was appointed in January 2020 to conduct the Reporting Accountant and Independent Service Auditor (ISAE 3402/AT-C 320) reports on internal controls on an annual basis. Their update report for 2021 was presented to and reviewed by the Committee in June 2021.

Record Currency Management (US) Inc. activities

The Committee has been keen to ensure that oversight of the US subsidiary and the controls in place appropriately reflect its activities and, accordingly, they have sought and received ongoing assurances from both management and the Head of Compliance and Risk.

During the year steps have been taken by management to enhance the documentation of US activities and compliance monitoring of the subsidiary and the Committee has been supportive of the developments made.

The Committee will continue to monitor the activity of the US entity to assess whether the control environment, management oversight and compliance oversight remain aligned with the risks of its business.

Conflicts of interest

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

Covid-19 response

The Committee requested and received regular business updates and monitored management's ongoing response to the covid-19 crisis to ensure that appropriate processes and controls have remained in place during the period whilst all employees have been working from home. The Committee has welcomed the responsiveness of management to the situation and is supportive of the initiatives implemented to ensure the business has continued to operate under a strong control environment with no material impact on its trading activities or its financial reporting processes.

Financial reporting

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

During the year, the Committee also considered the significant financial and regulatory reporting issues and judgements made in connection with the financial statements and the appropriateness of accounting policies. In particular, the Committee considered management reports providing assessments of the internal controls environment, the financial impact of the covid-19 pandemic, future cash flows, going concern and ongoing viability.

The Committee was satisfied that all judgements made by management which affect financial reporting, including the consolidation of seed funds, have been made in accordance with the Group's accounting policies and made a recommendation to the Board that it was appropriate for the Group to adopt the going concern basis of accounting in preparing the half-year and annual financial statements for the year ending 31 March 2021.

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

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

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

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

Internal controls and risk management

A significant part of the work of the Committee is providing oversight and independent challenge to the internal controls and risk management systems of the Group.

A "Risk Matrix", which identifies key risk areas that may impact the Group and monitors them against the Board's risk appetite, is used by the Committee and compared against a risk assessment prepared by the internal auditor to ensure that material risk areas are being appropriately identified and addressed by management and that movements in risks and associated business impact are identified promptly so that appropriate action can be taken. The use of the "Risk Matrix" to assist risk monitoring is welcomed by the Committee.

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

In July 2020 the Committee undertook a detailed review of the Group's Pillar 3 disclosures which had been prepared in accordance with the Capital Requirements Directive. The Committee members agreed they were satisfied with the disclosures made in the document and recommended the Pillar 3 Disclosures for the Board's approval.

The Committee has reviewed and evaluated the system of internal controls and risk management operated within the Group, and is satisfied that the internal control environment is appropriate. More information on the Group's risk management framework is given in the Strategic report on pages 42 to 45.

Audit and Risk Committee report continued

Internal audit

The internal audit function undertakes a programme of reviews as approved by the Committee, reporting the results together with its advice and recommendations to the Committee. The function is provided by Deloitte LLP (“Deloitte”) under an outsourcing contract which commenced in May 2010. The objectives and responsibilities of internal audit are set out in a charter reviewed and approved on an annual basis. The charter was last reviewed and approved by the Committee in April 2021. Deloitte reports directly to the Committee and the relationship is subject to periodic review.

Having been appointed by Record in July 2014 the Deloitte internal audit partner was approaching the seven-year maximum permitted tenure under the Internal Audit Code of Practice published by the Chartered Institute of Internal Auditors and so in March 2021 the Committee reviewed the CVs of potential new Deloitte partners, following which interviews were held and a new partner selected.

The Committee and the internal auditor have developed a planning process to ensure that the audit work performed focuses on significant risks. The plans include deep-dive thematic and risk-based audits and also high level in-flight reviews of specific projects as agreed by the Committee, Deloitte and management. Each review is scoped at the start of the audit to ensure an appropriate focus reflecting business activities, the market environment and regulatory matters. The plans are periodically reviewed to ensure they are adapted as necessary to capture changes in the Group’s risk profile.

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

The Committee has reviewed Deloitte’s work and discussed the delivery of internal audit with management and is satisfied with the internal audit work conducted and the coverage and standard of the reports produced. The Committee has monitored whether sufficient and appropriate resources are dedicated to the internal audit function and this has been reported to and noted by the Board.

External audit

Following an external audit tender process conducted in early 2020, detailed in the previous Annual Report, the Committee and Board’s recommendation to replace PwC LLP by appointing BDO LLP (“BDO”) was approved by shareholders at the 2020 AGM held on 4 August 2020. On the engagement of BDO, Neil Fung-On was appointed lead audit partner and he has led the 2021 external audit process. BDO’s fees and the terms of the audit engagement letter for FY-21 were approved by the Committee in October 2020.

The Committee has reviewed reports from the external auditor on the audit plan (including the proposed materiality level for the performance of the annual audit), the status of its audit work and issues arising. The Committee discussed the findings with the auditor and was satisfied with the conclusion reached by the auditor that there was no evidence of material misstatements. The Committee has confirmed that no material items remained unadjusted in the financial statements.

An assessment of the quality and effectiveness of BDO’s FY-21 audit was considered by way of a review completed by the Committee with the assistance of senior members of the Finance Team and with reference to the FRC’s practice aid on assessing audit quality, published in December 2019. The Committee evaluated the judgements; mindset and culture; skills, character and knowledge; and quality control demonstrated by BDO throughout the audit process and concluded that BDO had provided a quality external audit service which was appropriate for the Group given its size and structure.

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

During the year the Committee operated a policy covering the provision of non-audit services by the external auditor to ensure that the ongoing independence and objectivity of the external auditor was not compromised. The policy adheres to the Financial Reporting Council’s revised Ethical Standard issued in December 2019. Under the Ethical Standard the aggregate of fees for all non-audit services, excluding audit-related assurance services required under regulation, may not exceed 70% of the average of the audit fees for the preceding three-year period. The Committee considers it best practice to adhere to the fee cap on an annual basis and monitors fees accordingly.

Non-audit services undertaken by the external auditor

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

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

Details of the total fees paid to BDO are set out in note 5 to the accounts. Non-audit fees, excluding audit-related assurance services required under law or regulation, were equivalent to 8% (2020: 20%) of audit fees and were therefore within the permitted cap of 70%.

Assessment of external auditor independence

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

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

Looking forward

As well as considering the standing items of business, the Committee will continue to focus on the following areas during the year ahead:

- technology and cyber security;
- the continued response to the covid-19 crisis and transition back to office working;
- internal capital adequacy and risk assessment and ongoing risk monitoring;
- risk and controls as the Group's strategy is implemented, including new product offerings;
- oversight and monitoring of the Group's regulated businesses based overseas; and
- the regulatory landscape in the UK and other jurisdictions relevant to Record.

Approved by the Committee and signed on its behalf by:

Rosemary Hilary

Chair of the Audit and Risk Committee

16 June 2021

Remuneration report

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



Tim Edwards
Chair of the Remuneration Committee

Role of the Committee

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

Committee meeting attendance

Tim Edwards	7/7
Rosemary Hilary	7/7
Jane Tufnell	7/7

Chair of the Remuneration Committee's statement Introduction

I am pleased to present our Remuneration report for 2021. We believe that our Remuneration Policy, as approved by shareholders at our 2020 AGM, remains appropriate and we are proposing no further changes this year.

Our report is split into three sections:

- the Remuneration Policy tables;
- the annual report on remuneration for 2020-21; and
- the role and activity of the Remuneration Committee.

We have not reproduced our full Remuneration Policy in this report but have provided a summary in the tables produced on pages 72 to 76. A copy of our full Directors' Remuneration Policy, as approved by shareholders in July 2020, is available in the Remuneration sections of the 2020 Annual Report and Accounts, which is available on our website www.recordcm.com.

This year, in line with the agreed Remuneration Policy, we have introduced a new element of remuneration, a Joint Share Ownership Plan ("JSOP") for staff below Executive Director level as part of our succession and talent management strategy. The JSOP is designed for key staff to accelerate their acquisition of shares to further align their interests with those of shareholders. The scheme requires a financial commitment from the individual to participate, further aligning the individuals' contribution and retention with business performance. Further details are provided in the Remuneration Policy tables. Furthermore, we used the flexibility in our Share Scheme such that management awarded the full allocation of share options to staff below Director level.

In our Remuneration Policy we committed to the alignment of pension contributions across the Group. From June 2020, contributions to Directors were decreased from 15.5% to 13.5% and since April 2021 we have had alignment across the Group at a single rate of 11% to be paid to all staff, including Directors. Directors are able to contribute to a pension scheme or may receive payment in lieu if they have opted out of the pension scheme.

Remuneration principles

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

Our key remuneration principles are:

- A consistent remuneration structure for all employees, not just Directors, which is transparent and straightforward.
- Our remuneration structures should reward and incentivise profitable business growth.
- Remuneration should comprise two components: (i) a fixed salary; and (ii) a variable component based on individual performance.
- Directors' remuneration should include a deferred element which is satisfied by paying it in the form of equity.

Leadership and strategy

The Board's priorities to position the firm for growth and establish a plan for succession in the most senior executive posts have progressed significantly this year. We are now well placed to continue to deliver modernisation, diversification and growth for next year. To reflect Leslie Hill's leadership and critical value in delivering the change in strategy, her salary was increased to £650,000 from 1 April 2021. Leslie's variable remuneration will continue to be based on her performance against agreed objectives.

As part of succession plans, Bob Noyen relinquished his role as Chief Investment Officer on 31 March 2021. Payments made to Bob on leaving were in line with our Remuneration Policy. Bob has agreed to assist with the transition and maintenance of client relationships by providing continued support over the next financial year.

Group performance for 2020-21

The year to 31 March 2021 has seen revenues stay in line with last year, but an increase in operating expenditure meant that operating profit decreased by 20%. Our AUME reached its highest ever value at \$80.1 billion and our share price increased from 28 pence to 70 pence during the year. Our Group Profit Share Scheme pool was 34% of pre-GPS underlying operating profit, which represented £3.2 million, directly linking the Company's financial performance to the size of the variable remuneration pool. The value delivered under the Group Profit Share Scheme decreased by 10% compared to the previous period.

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

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

No option awards were made to Directors during the year and details of previous awards can be found on page 80 and all awards were made in accordance with the Scheme rules. No options vested for Directors during the year as the performance conditions had not been met. Details can be found on page 80.

Alignment with shareholders

As at 31 March 2021, 38% of the Company's shares were held by the Chairman and Directors, and each of the current Executive Directors has a shareholding significantly greater than 1.5 times their salary. In addition, 68% of the Company's employees are shareholders.

Engaging with employees

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

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

In my role as Employee Engagement Director, leading our workforce engagement initiatives, we have been able to seek the views of the wider workforce on a range of topics including strategy, remuneration and working arrangements under the covid-19 pandemic, through meetings and conversations with staff.

Shareholder consultation

It remains our policy to discuss any substantive proposed changes to the Group's remuneration structures with key external shareholders in advance of any implementation. The Remuneration Committee takes into account shareholder views received in relation to resolutions to be considered at the AGM each year, and values shareholder feedback when forming remuneration policy.

Tim Edwards

Chair of the Remuneration Committee

16 June 2021

Remuneration report continued

Remuneration Policy

Remuneration Policy summary tables

This section of the Remuneration report starts with a table illustrating the remuneration structures that we have in place for Executive Directors and then provides an overview of the key remuneration elements in place for all staff, including Executive Directors, the Chairman and Non-executive Directors. We have not made any changes to our Remuneration Policy for Directors and the tables summarise the policy approved by shareholders at the 2020 AGM.

Summary remuneration structure

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

Options	Struck at market price with performance conditions			1/3 vests but held until year 5	1/3 vests but held until year 5	1/3 vests
Group Profit	Shares	1/3 shares released from lock up	1/3 shares released from lock up	1/3 shares released from lock up		
Share Scheme	Cash					
Pension and benefits	Cash					
Salary	Cash					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5

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

Remuneration Policy: comparison table for Executive Directors and staff

The table below provides a summary of the policy for each component part of remuneration for Executive Directors. The approach for all staff is also included to provide context for the remuneration for the entire workforce.

Element, purpose and link to strategy	Current operation for employees	Policy for Executive Directors
Base salary Fixed remuneration that reflects the role, responsibilities, experience and knowledge of the individual.	Paid monthly and reviewed annually by management. Any review will take into account market rates, business performance and individual contribution.	The Remuneration Committee reviews salaries for Executive Directors on an annual basis. Any review will take into account market rates, business performance and individual contribution. There is no prescribed maximum salary. However, increases are normally expected to be in line with the typical level of increase awarded across the Group.

Element, purpose and link to strategy	Current operation for employees	Policy for Executive Directors
<p>Commission</p> <p>The Commission scheme is to reward and incentivise contributions to new business from the next generation. Any payments are authorised by the HR Committee and approved by the Remuneration Committee after input from the Head of Compliance and Risk.</p> <p>The scheme operates within a risk management framework to ensure products are appropriate for clients and any payment is made from profits.</p>	<p>All staff can participate.</p> <p>Staff will only receive a payment if they are meeting their individual performance objectives.</p> <p>Code staff receive any payment in shares, locked up for a period of one year, whereas other staff will receive any payment in cash.</p>	<p>Executive Directors are not eligible to participate in the Commission scheme.</p>
<p>Benefits</p> <p>To provide a benefits package that provides for the wellbeing of our colleagues.</p>	<p>A range of benefits are offered including, but not limited to, private medical insurance, dental insurance, permanent health insurance, life assurance, personal accident insurance and annual holiday.</p>	<p>Executive Directors received benefits on the same basis as all other employees, at the prevailing rates and nothing else.</p>
<p>Share Incentive Plan</p> <p>The Group has an approved Share Incentive Plan ("SIP"). All staff are able to buy shares from pre-tax salary up to an HMRC-approved limit (£1,800 for the financial year ended 31 March 2021), which is matched at a rate of 50%.</p>	<p>All staff members are eligible to participate in the SIP.</p>	<p>Executive Directors may participate in the SIP on the same basis as other employees.</p>
<p>Pension</p> <p>To provide an appropriate retirement income.</p>	<p>All staff are entitled to join the Group Personal Pension Scheme. This is a defined contribution plan to which the Group makes employer contributions and staff can choose to make additional personal contributions.</p> <p>All staff receive an employer pension contribution of 11% of salary.</p>	<p>Executive Directors received an employer pension contribution of 13.5% of salary from 1 June 2020 which can be paid into the Group Personal Pension Scheme or delivered as a cash allowance, aligned with that of the senior managers.</p> <p>The Company aligned employer pension contributions for all staff, including Executive Directors, in April 2021 to 11%.</p>
<p>Group Profit Share Scheme</p> <p>Variable remuneration scheme that allocates 25% to 35% of operating profits to a Group Profit Share Pool, allocated to participants based on their role and individual level of performance.</p>	<p>All staff participate in the Group Profit Share Scheme.</p> <p>Profit Share payments relate to the responsibilities of the role and the individual level of performance against objectives for the relevant period.</p> <p>Staff members can take their Profit Share in cash or elect for up to a third in shares.</p> <p>Senior managers are required to take one-third of their payment in shares subject to lock-up conditions of one to three years and in addition are offered the opportunity for up to a further third of the Profit Share to be paid in shares. The remaining amount is in cash.</p>	<p>Executive Directors are eligible to participate in the Group Profit Share Scheme.</p> <p>The Remuneration Committee approves all payments to Executive Directors, which are based on individual performance against objectives for the relevant period.</p> <p>Executive Directors are required to take one-third of their payment in shares subject to lock-up conditions of one to three years. In addition they are offered the opportunity for up to a further third of their Profit Share to be paid in shares. The remaining amount will be paid in cash.</p> <p>Whilst the Profit Share pool is capped based on the profitability of the Group and range stated above, there is no individual maximum entitlement set within this limit.</p> <p>Malus and clawback provisions apply to all awards. Further details are set out below.</p> <p>The Committee has discretion in the treatment of leavers as set out below.</p>

Remuneration report continued

Remuneration Policy continued

Remuneration Policy: comparison table for Executive Directors and staff continued

Element, purpose and link to strategy	Current operation for employees	Policy for Executive Directors
<p>Share Scheme</p> <p>The Share Scheme allows the Remuneration Committee to grant options over up to 2% of the market capitalisation of Record plc (being approximately 4 million shares) per annum.</p>	<p>All staff members are eligible to participate in the Share Scheme.</p> <p>Any share option grants are awarded by management on a discretionary basis.</p>	<p>Executive Directors are eligible to participate in the Share Scheme.</p> <p>The Remuneration Committee limits the value of shares over which an option is granted to any Director in any year to a maximum of 200% of that Director's salary for that year.</p> <p>All share options awarded to Executive Directors are granted with an exercise price equal to the market value of the shares on the date of grant and are subject to a performance condition based on Record's cumulative annual EPS growth with vesting on a stepped basis after three, four and five years. Awards that vest on the third and fourth year are required to be held until the fifth year.</p> <p>Malus and clawback provisions apply to all awards. Further details are set out below.</p> <p>The Committee has discretion in the treatment of leavers as set out below.</p>
<p>Joint Share Ownership Plan ("JSOP")</p> <p>The JSOP has been introduced to accelerate the acquisition of shares for the next generation of management, as part of succession plans.</p> <p>A financial commitment is required to participate, further aligning the participant's contribution and retention with longer-term business performance and shareholder value.</p>	<p>Purchased shares are jointly held by the EBT and the employee under the JSOP agreement. The hurdle is struck at market price and the employee owns any value above the hurdle.</p> <p>Vesting is over a four-year period, one quarter each year, and any gain in share price is realised in shares with a two-year holding period.</p> <p>There are clawback provisions and an employee is required to pay to participate in the scheme.</p> <p>All staff members are eligible to participate in the JSOP.</p> <p>Any JSOP grants are awarded by management on a discretionary basis.</p>	<p>Executive Directors are not eligible to participate in the JSOP scheme.</p>

Remuneration policy for the Chairman and the Non-executive Directors

The table below sets out the remuneration policy for the Chairman and the Non-executive Directors. In summary, they only receive fixed pay and benefits.

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

Service contracts and loss of office payment policy

We provide all Executive Directors with service agreements. None of the service agreements are for a fixed term and all include provisions for termination on six months' notice by either party. Service agreements do not contain any contractual entitlement to receive bonuses, nor to participate in the Group Profit Share Scheme or the Group Share Scheme, nor to receive any fixed provision for termination compensation.

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

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

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

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

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

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

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

Malus and clawback

Clawback provisions enable variable remuneration to be reclaimed under exceptional circumstances, as follows:

- GPS – malus and clawback provisions are in place in the event of adverse restatement of accounts or material misconduct, at the discretion of the Remuneration Committee.
- Share options – clawback provisions are in place for all options should there be any restatement of accounts or breach of contract, at the discretion of the Remuneration Committee.
- Commission – clawback provisions are in place in the event of adverse restatement of accounts or breach of contract for all commission payments.
- JSOP – clawback provisions are in place for conduct resulting in significant financial losses to the Company, material wrongdoing, conduct that brings the Company into material disrepute, breach of contract or breach of regulatory rules.

Source and funding of shares

Share awards under the Group Profit Share Scheme are covered wherever possible through market purchases by the Company's Employee Benefit Trust ("EBT") rather than through the issue of new shares, and this has been the case since the inception of the Scheme in 2007. It remains our intention to continue to operate in this manner in order to minimise potential dilution of shareholders' interests. Similarly, options under the Share Scheme are not normally satisfied by the issue of new shares, in order to minimise potential dilution. The Company provides funds to the EBT to allow it to purchase shares in the market with which to satisfy the exercise of options. The number of shares purchased by the Group to hedge the award of options is based on an appropriate hedge ratio at each grant date, as calculated by management and approved by the Remuneration Committee.

Implementation of Remuneration Policy

The Group has implemented the Remuneration Policy, as approved by shareholders last year. The Group will continue to apply the Remuneration Policy in FY-22, with no changes being made.

The Remuneration Committee will approve any variable remuneration payments for the CEO and CFO based on their performance against their objectives and in accordance with the Group Profit Share Scheme rules.

Approach to remuneration for new Executive Directors

On the recruitment of a new Executive Director the level of fixed remuneration will be appropriate to the candidate's skills and experience and the responsibility that they will be undertaking. New Executive Directors would be eligible to join the Group Profit Share Scheme and would be eligible to be considered for the Share Scheme as deemed appropriate by the Remuneration Committee, subject to the applicable policy at the time.

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

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

Executive shareholding policy

Any new Executive Director will be encouraged to build a shareholding of at least 1.5 times base salary, for example through the use of GPS and share option schemes, within a reasonable time of being appointed.

At the end of his/her appointment, an Executive Director would need to retain a shareholding previously built up through the use of remuneration schemes, but excluding any shares bought for cash, of a total of 1.5 times base salary, with half this total being held for a period of one year and half of this total being held for a period of two years.

Remuneration report continued

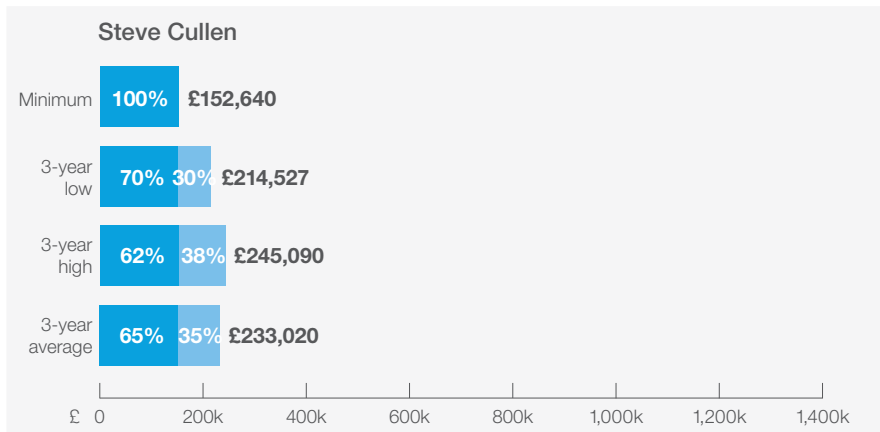
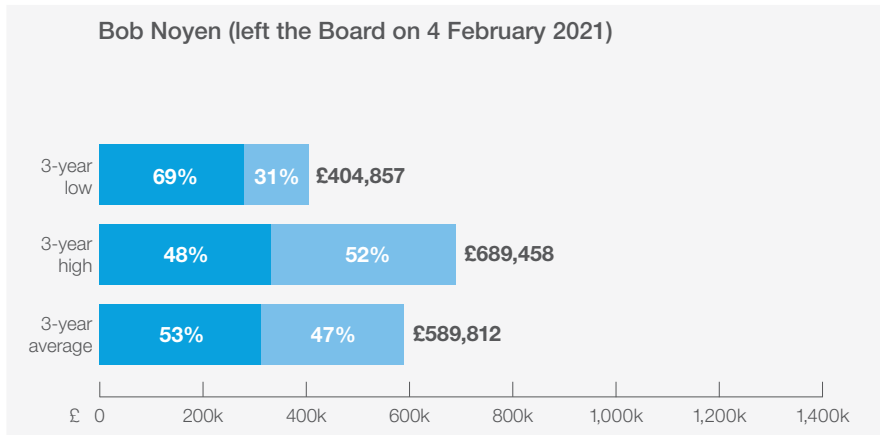
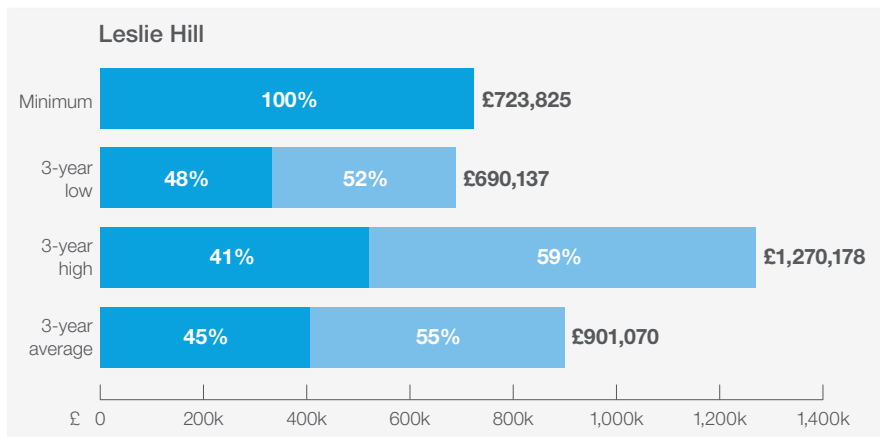
Remuneration Policy continued Regulation

We continue to review our Remuneration Policy in line with regulatory changes and good practice and to ensure compliance with the principles of the Remuneration Code of the UK financial services regulator, as applicable to the Group. In particular we will be reviewing the impact of the Investment Firm Prudential Regulation and any implications for our Remuneration Policy.

Remuneration Policy – illustrations

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

As variable remuneration is not capped at the individual level, we have used the three-year average, highest and lowest remuneration as an indication of the Executive Director's earnings potential. Future remuneration will be determined based on profitability and performance as described in the Remuneration Policy.



Key:
■ Fixed
■ Variable

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

Annual report on remuneration

This part of the report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), and relevant sections of the Listing Rules. The annual report on remuneration will be put to an advisory shareholder vote at the 2021 AGM. The information on pages 77 to 84 has been audited, where required, under the regulations and is indicated as audited information where applicable.

Directors' remuneration as a single figure (audited information)

The remuneration of the Directors for the year ended 31 March 2021 is detailed below together with their remuneration for the previous year.

Executive Directors	Leslie Hill (appointed CEO on 13 February 2020)		James Wood-Collins (resigned as CEO on 13 February 2020)		Bob Noyen (left the Board on 4 February 2021)		Steve Cullen	
	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
Salaries and fees	450,000	306,529	—	249,096	242,830	285,913	129,997	129,997
Benefits ¹	2,325	2,150	—	809	1,243	1,393	1,128	1,908
Pensions ²	62,250	47,512	—	38,610	33,592	44,316	17,983	20,150
Total fixed pay	514,575	356,191	—	288,515	277,665	331,622	149,108	152,055
Short-term incentive (GPS cash) ⁴	427,420	257,801	—	194,669	84,795	228,999	43,612	58,260
Short-term incentive (GPS shares) ³	328,183	128,902	—	97,336	42,397	114,501	21,807	29,129
Total variable pay ⁵	755,603	386,703	—	292,005	127,192	343,500	65,419	87,389
Total	1,270,178	742,894	—	580,520	404,857	675,122	214,527	239,444

Non-executive Directors	Neil Record		Jane Tufnell		Rosemary Hilary		Tim Edwards	
	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
Salaries and fees	79,310	79,310	63,500	63,500	49,862	49,862	43,497	43,497
Benefits ¹	2,561	2,490	—	—	—	182	161	—
Pensions ²	10,971	12,293	—	—	—	—	—	—
Total	92,842	94,093	63,500	63,500	49,862	50,044	43,658	43,497

- This value includes matching shares on SIP scheme, medical benefits, payments made in lieu of medical benefits, overtime payments and reimbursement of taxable travel expenses.
- This includes payments made in lieu of pension contributions. Pension contributions were decreased from 15.5% to 13.5% on 1 June 2020.
- Short-term incentive payments are subject to individual performance conditions summarised in the objectives table below. The shares vest immediately but are subject to lock-up restrictions and are calculated based on the overall profitability of the Group.
- The Remuneration Committee exercised discretion and James Wood-Collins was determined to be a good leaver for the GPS and his GPS relates to the period to 13 August 2020.
- The table excludes any value derived from share options. No Directors had a gain in the year. The only Director who had a gain in the prior year was James Wood-Collins (£2,100).

Payments for loss of office and payments made to former Directors

Bob Noyen left the Board of Directors on 4 February 2021 and left employment on 31 March 2021. Payments from 5 February to 31 March were £80,423. These payments comprise £43,083 salary, £221 medical benefits, £20,773 short-term incentives (GPS cash), £10,386 short-term incentives (GPS shares) and £5,960 cash in lieu of pension. He was made a payment in lieu of notice of £142,956 being six months' salary and no other payments were made for loss of office. Bob was treated as a good leaver under the Group Profit Share Scheme and Share Scheme rules and Remuneration Policy. To assist with the transition and maintenance of client relationships, Bob agreed to provide consultancy support to the Company over a twelve-month period, commencing on 1 April 2021.

James Wood-Collins left the Board of Directors on 13 February 2020 and left the Group on 13 August 2020 after working his six-month notice period. Payments from 1 April to 13 August were £287,804. These payments comprise £121,507 salary, £343 medical benefits, £68,954 short-term incentives (GPS cash) and £97,000 (statutory legal cap) for loss of office. No other payments were made to former Directors.

Remuneration report continued

Annual report on remuneration continued

Pensions (audited information)

Executive Directors are entitled to join the Group Personal Pension Scheme. This is a defined contribution plan and for the financial year ending 31 March 2021, the Group made contributions of 15.5% of each Director's salary for April and May 2020, which was then reduced to 13.5% on 1 June 2020, that could either be paid into the Group Personal Pension Scheme, taken as cash or a combination of the two.

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

The employer pension contributions for the financial years ending 31 March 2020 and 31 March 2021 are detailed in the tables on page 77.

Allocation of the Profit Share pool to Executive Directors

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

Leslie Hill

Objectives	Outcomes
Strategic Sales Support our sales environment to enhance the sales of both our traditional products and new strategies. Deliver an EM Sustainable Finance Fund and build strategic partnerships.	Highest ever AUME at \$80.1 billion. Client numbers grew by 24%. EM Sustainable Finance Fund to launch.
Investments Diversify our investment product offering, restructure the department to focus on risk management and active strategies separately.	Product diversification being achieved through our own strategies and two new flagship product offerings in collaboration with external partners. Investment team was reorganised, with a change of our CIO and investment management teams.
Technology Modernise our IT platform. Provide long-term flexibility and cost savings.	Good progress in technology, with the introduction of a new data capture transformation platform to bring efficiencies and improve our client offering together with new development tools and improvements to the technology infrastructure.
Succession and organisational structure Develop an organisational structure that is fit to deliver profitable growth and to support succession.	We have seen encouraging work in progress, with the creation of a new sales leadership team and a new investment leadership team.
Operational People Recruit, develop and retain high-performing colleagues as part of Record plc leadership and participation.	This was achieved through the development and retention of high performers in the team.
Press and investors Build positive relationships with investors, brokers, city contacts and press.	This was achieved and the Company enjoyed share price growth from 28 pence to 70 pence during the year.
Award: 200%. Objectives were exceeded and the Committee made an award of 200% to recognise over-performance.	

Bob Noyen

Objectives	Outcomes
<p>Strategic Investment strategies Manage investment products and services for the risk management investment team. Transition return product responsibilities and evolve investment management structure.</p>	Investment performance has been variable with a reduction in performance fees in the year. New investment leadership team has been established.
<p>Client relationships Initiate investment research to retain clients by introducing new services and/or improvements to existing services. Support client retention.</p>	For the clients that Bob was solely or jointly responsible for there was a strong retention rate and strong client servicing.
<p>Operational People Support to the CEO and the client and client services teams. Train and mentor colleagues as part of succession planning.</p>	This was partially met during the period. Bob provided advice and support to the next generation of investment managers.
<p>Compliance Lead by example in ensuring compliance with policies and procedures, to ensure Record meets its obligations to clients and to regulators.</p>	This has been met.
<p>Award: Objectives were partially met for the period and the Committee made an award of 65% of base units, recognising some underperformance.</p>	

Steve Cullen

Objectives	Outcomes
<p>Strategic Identify and implement opportunities for Finance team to become more commercial.</p>	Good progress made with the implementation of a new accounting package and a new tax advisory firm appointed.
<p>Operational Cost discipline and accounting Ensure maintenance of cost discipline across the business through adherence to approved budget, and expenditure authorisation policy and procedures.</p>	Cost discipline was maintained throughout the financial year.
<p>Risk management Ensure suitable systems and controls in place within Finance to minimise potential errors/breaches.</p>	No material errors or breaches in routine reporting, confirmed by external audit.
<p>Reporting Ensure timely delivery of key reporting metrics, including the Annual Report, internal audit relationship, investor relations.</p>	Refreshed approach to the Annual Report and improvements made to the style of the report.
<p>Department Ensure appropriate team structure and skills and review areas for improving efficiency.</p>	New team working well together, improved internal reporting and use of technology to automate some manual processes.
<p>External relationships Continue to develop relationships with external auditors, internal auditors, company brokers and investor relations.</p>	Good relationships established with internal and external auditors. Increased involvement with brokers and investor relations.
<p>Award: 100%. Objectives were met for the period and progress being made to use new systems and automation.</p>	

Remuneration report continued

Annual report on remuneration continued

Directors' share options and share awards (audited information)

During the financial year ended 31 March 2021 no option awards were made to Executive Directors.

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

	Date of grant	Total options at 1 April 2020	Options granted in period	Options lapsed in period	Options exercised in period	Total options at 31 March 2021	Exercise price	Earliest exercise	Latest exercise
Leslie Hill	01/12/15	150,000	—	(150,000)	—	—	28.875p	01/12/20	30/11/21
	27/01/16	33,334	—	(33,334)	—	—	24.50p	27/01/20	26/01/22
	30/11/16	366,667	—	(183,333)	—	183,334	34.0718p	30/11/19	29/11/22
	26/01/18	280,000	—	(93,333)	—	186,667	43.50p	26/01/21	25/01/24
	21/08/19	575,000	—	—	—	575,000	31.10p	21/08/22	20/08/25
Bob Noyen¹	01/12/15	150,000	—	(150,000)	—	—	28.875p	01/12/20	30/11/21
	27/01/16	33,334	—	(33,334)	—	—	24.50p	27/01/20	26/01/22
	30/11/16	366,667	—	(183,333)	—	183,334	34.0718p	30/11/19	29/11/22
	26/01/18	280,000	—	(93,333)	—	186,667	43.50p	26/01/21	25/01/24
	21/08/19	575,000	—	—	—	575,000	31.10p	21/08/22	20/08/25
Steve Cullen	01/12/15	150,000	—	(150,000)	—	—	28.875p	01/12/20	30/11/21
	27/01/16	33,333	—	(33,333)	—	—	24.50p	27/01/20	26/01/22
	30/11/16	366,667	—	(183,333)	—	183,334	34.0718p	30/11/19	29/11/22
	26/01/18	125,000	—	(41,666)	—	83,334	43.50p	26/01/21	25/01/24
	21/08/19	260,000	—	—	—	260,000	31.10p	21/08/22	20/08/25

1. Resigned 4 February 2021.

The outstanding share options above vest subject to performance conditions which are detailed below.

There were no gains on share options by Directors in the year ended 31 March 2021.

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

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

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

Share option awards made to Leslie Hill, Bob Noyen and Steve Cullen on 1 December 2015 vest in three equal tranches and the third of these vesting dates was 1 December 2020. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 150,000 shares each for Leslie Hill, Bob Noyen and Steve Cullen.

Share option awards made to Leslie Hill, Bob Noyen and Steve Cullen on 27 January 2016 vest in three equal tranches and the third of these vesting dates was 27 January 2021. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 33,334 shares each for Leslie Hill and Bob Noyen and 33,333 shares for Steve Cullen.

Share option awards made to Leslie Hill, Bob Noyen and Steve Cullen on 30 November 2016 vest in three equal tranches and the second of these vesting dates was 30 November 2020. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 183,333 shares each for Leslie Hill, Bob Noyen and Steve Cullen.

Share option awards made to Leslie Hill, Bob Noyen and Steve Cullen on 26 January 2018 vest in three equal tranches and the first of these vesting dates was 26 January 2021. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 93,333 shares each for Leslie Hill and Bob Noyen and 41,666 shares for Steve Cullen.

Group Profit Shares in lock up (audited information)

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

	Interest in restricted shares at 1 April 2020	Restricted awards during year	Restrictions released during year	Interest in restricted shares at 31 March 2021
Leslie Hill	613,458	215,667	(449,284)	379,841
Bob Noyen (resigned 4 February 2021)	311,296	117,740	(151,468)	277,568
Steve Cullen	142,648	35,611	(102,410)	75,849

Directors' share interests (audited information)

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

2021	Shares held without restrictions	GPS shares subject to restrictions ¹	Total shares held ²	Share options (subject to performance)	Total share interests
Executive Directors					
Leslie Hill	15,298,771	379,841	15,678,612	945,001	16,623,613
Bob Noyen (resigned 4 February 2021)	7,703,802	277,568	7,981,370	945,001	8,926,371
Steve Cullen	1,351,817	75,849	1,427,666	526,668	1,954,334
Non-executive Directors and Chairman					
Neil Record	58,396,541	—	58,396,541	—	58,396,541
Jane Tufnell	150,000	—	150,000	—	150,000
Rosemary Hilary	—	—	—	—	—
Tim Edwards	60,000	—	60,000	—	60,000
Total	82,960,931	733,258	83,694,189	2,416,670	86,110,859

- Under the rules of the Group Profit Share Scheme, shares awarded to Directors are subject to lock-up restrictions for between one and three years from the award date.
- Directors' share interests have remained unchanged to 17 June 2021.

2020	Shares held without restrictions	GPS shares subject to restrictions ¹	Total shares held	Share options (subject to performance)	Total share interests
Executive Directors					
Leslie Hill (appointed CEO on 13 February 2020)	14,753,601	613,458	15,367,059	1,405,001	16,772,060
James Wood-Collins (resigned as CEO on 13 February 2020)	—	—	—	2,425,001	2,425,001
Bob Noyen	9,052,334	311,296	9,363,630	1,405,001	10,768,631
Steve Cullen	1,249,407	142,648	1,392,055	935,000	2,327,055
Non-executive Directors and Chairman					
Neil Record	62,396,541	—	62,396,541	—	62,396,541
Jane Tufnell	150,000	—	150,000	—	150,000
Rosemary Hilary	—	—	—	—	—
Tim Edwards	60,000	—	60,000	—	60,000
Total	87,661,883	1,067,402	88,729,285	6,170,003	94,899,288

- Under the rules of the Group Profit Share Scheme, shares awarded to Directors are subject to lock-up restrictions for between one and three years from the award date.

Remuneration report continued

Annual report on remuneration continued

Salary review for the Board

Salary increases were awarded in April 2021 based on the role and responsibilities being undertaken. In line with this approach, some salary increases were awarded to the Executive Directors and Non-executive Directors. No Company-wide increase was awarded.

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

	Salary from 1 April 2020 £	Salary at 1 April 2021 (current salary) £	Increase £
Executive Directors			
Leslie Hill	450,000	650,000	200,000
Steve Cullen	129,997	136,497	6,500
Non-executive Directors and Chairman			
Neil Record	79,310	79,310	—
Rosemary Hilary	49,862	49,862	—
Jane Tufnell	63,500	63,500	—
Tim Edwards	43,497	49,862	6,365

Total remuneration of Chief Executive Officer (audited information)

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

	Year ending 31 March									
	2012 £	2013 £	2014 £	2015 £	2016 £	2017 £	2018 £	2019 £	2020 £	2021 £
Leslie Hill ¹	—	—	—	—	—	—	—	—	123,241	1,270,178
James Wood-Collins ²	604,349	561,573	678,604	641,623	642,865	678,054	655,723	689,019	582,620	—

1. Appointed 13 February 2020.

2. Resigned 13 February 2020.

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

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

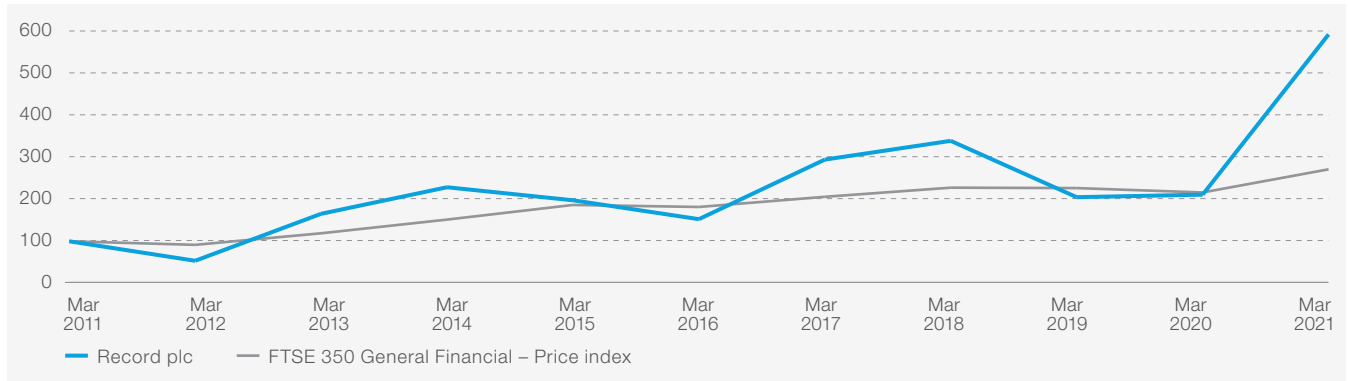
	Year ending 31 March											
	2016		2017		2018		2019		2020		2021	
% change in:	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive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

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

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

	Year ending 31 March 2021							
% change in:	Leslie Hill	Bob Noyen	Steve Cullen	Neil Record	Jane Tufnell	Rosemary Hilary	Tim Edwards	Employees of Record Group
Base salary	0%	0%	0%	0%	0%	0%	0%	9%
Benefits	(2%)	(2%)	(2%)	0%	0%	0%	0%	0%
Total annual profit share	96%	(54)%	(25)%	0%	0%	0%	0%	1%

Total Shareholder Return performance graph

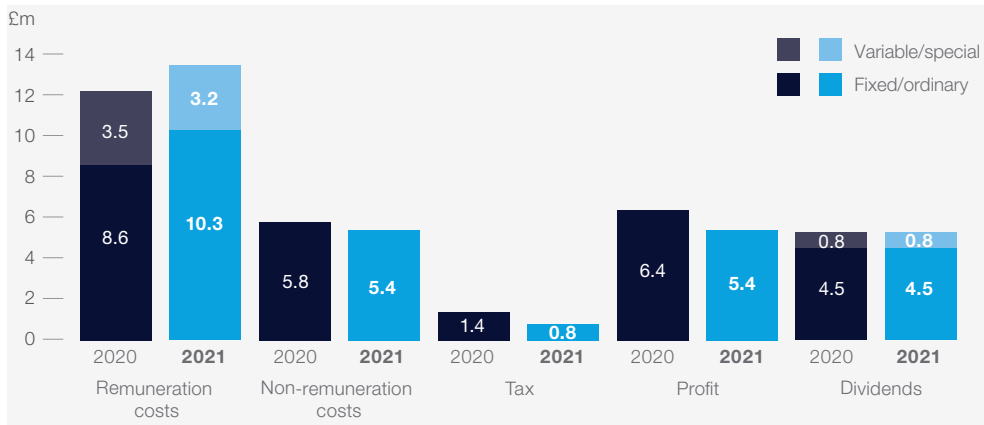


The above graph shows the Group's Total Shareholder Return compared with the FTSE 350 – General Financial Index, and shows the change in the theoretical value of £100 invested in Record plc on 31 March 2011 compared to £100 invested in the FTSE 350 – General Financial Index. The FTSE 350 – General Financial Index has been chosen because the index is a widely accepted performance comparison for UK small quoted financial services companies.

The market price of the Company's shares as at 31 March 2021 was 70.0 pence. The highest closing share price during the financial year was 70.0 pence. The lowest closing share price during the financial year was 28.0 pence.

Relative importance of the spend on pay

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



Dividends are represented in the chart above as follows:

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

2020: interim dividend paid in December 2019 of 1.15 pence per share, final dividend paid of 1.15 pence per share and special dividend of 0.41 pence per share.

Remuneration report continued

Annual report on remuneration continued

Directors' service contracts

All Executive Directors have service agreements with effect from 15 November 2007, with the exception of Steve Cullen who has a service agreement dated 15 March 2013, reflecting his promotion to Chief Financial Officer. None of the service agreements are for a fixed term and all include provisions for termination on six months' notice by either party. Service agreements do not contain any contractual entitlement to receive bonuses, nor to participate in the Group Profit Share Scheme or the Group Share Scheme, nor to receive any fixed provision for termination compensation.

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

External directorships and fees

With the approval of the Board in each case, and subject to the requirements of the Group, Executive Directors may accept a limited number of external appointments. No Executive Directors receive any fees in respect of their external appointments.

Other matters

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

Statement of voting at the Annual General Meeting

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

	For		Against		Votes withheld	
	number	%	number	%	number	%
Annual report on remuneration	120,933,840	99.992%	6,201	0.005%	3,054	0.003%
Directors' Remuneration Policy	120,929,770	99.989%	10,271	0.008%	3,054	0.003%

Governance: role of the Remuneration Committee

Membership of the Remuneration Committee

The Remuneration Committee is chaired by Tim Edwards, who is supported by two independent Non-executive Directors, Jane Tufnell and Rosemary Hilary.

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

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

Responsibilities of the Committee

The responsibilities of the Committee include the following:

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

Key areas of focus during the year

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

Date	Key issues considered
April	<ul style="list-style-type: none"> Review staff salary proposals Review Remuneration Policy Approve alignment of Executive Directors' pension contributions with those of Directors Approve extended holding period for the share option scheme for Executive Directors Approve GPS unit allocations for Executive Directors and review awards for all staff
June	<ul style="list-style-type: none"> Approve GPS payments to Executive Directors and review payments to all staff Approve Commission scheme Approve post-employment shareholding policy Review terms of reference
July	<ul style="list-style-type: none"> Approve objectives for Executive Directors Agree employee engagement discussion groups
September	<ul style="list-style-type: none"> Approval of JSOP Scheme Approval of JSOP and option awards for staff below Executive Director
October	<ul style="list-style-type: none"> Approve GPS unit allocations for Executive Directors and review awards for all staff Review feedback from employee engagement discussions
November	<ul style="list-style-type: none"> Approve GPS payments to Executive Directors and review payments to all staff Approve internal Remuneration Policy Approve amended Share Scheme rules
March	<ul style="list-style-type: none"> Discuss salary proposals for Executive Directors including enhanced arrangement for CEO Approve Section 430(2B) Companies Act 2006 statement for Bob Noyen and final remuneration package

External advisers

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

The Committee has an annual briefing from Deloitte LLP providing an update on recent developments in the market and executive pay landscape, as well as developments in the remuneration regulatory environment.

Committee evaluation

An internal review of Committee effectiveness was carried out by the Remuneration Committee in June 2021, and was based on discussions with Committee members. The review considered the information that the Committee received, the frequency of meetings and the topics that were covered. The conclusion was that the Committee was effective in carrying out its duties.

Approval

This Directors' Remuneration report, including both the Directors' Remuneration Policy and the annual report on remuneration, has been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Tim Edwards

Chair of the Remuneration Committee

16 June 2021

Directors' report

The information contained in the sections of this Annual Report and Accounts identified below forms part of this Directors' report:

- Strategic report on pages 1 to 49;
- Board of Directors on pages 52 and 53;
- Corporate governance report on pages 54 to 61;
- Nomination Committee report on pages 62 and 63;
- Audit and Risk Committee report on pages 64 to 69;
- Remuneration report on pages 70 to 85; and
- Directors' statement of responsibilities on page 89.

Disclosures required under Listing Rule 9.8.4

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

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

Share capital

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

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

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

As at 31 March 2021, the number of shares in issue of the Company was 199,054,325 (2020: 199,054,325).

Substantial shareholdings

The table below sets out the names of those persons or investors who, insofar as the Company is aware, are interested directly or indirectly in 3% or more of the issued share capital of the Company as at 31 March 2021:

Name	Number of ordinary 0.025p shares held	Percentage interest
Neil Record	58,396,541	29.34%
Leslie Hill	15,678,612	7.88%
Schroders plc	8,981,049	4.51%
Bob Noyen	7,981,370	4.01%
Premier Miton Investors	7,267,396	3.65%
Apex Financial Services (Trust Company) Limited	6,296,657	3.16%

Information provided to the Company pursuant to Rule 5 of the Disclosure and Transparency Rules ("DTR") is published via RNS, a regulatory information service, and also on the Company's website. During the period from 18 June 2020 to 15 June 2021 the Company received two notifications in accordance with DTR 5 disclosing changes to voting interests in its ordinary share capital as follows: Neil Record on 22 September 2020 reporting a shareholding reducing from 31.35% to 29.34% and Apex Financial Services (Trust Company) Limited on 22 September 2020 reporting a shareholding increasing from below 3% to 3.16%.

Controlling shareholder

With effect from 16 May 2014 premium-listed companies were required, under LR 9.2.2, to establish a legally binding relationship agreement to govern interactions between the Company and a controlling shareholder. At the time, under the UKLA Listing Rules Neil Record was deemed to be a controlling shareholder, as he exercised control over more than 30% of the voting rights in the Company. The Company already had a relationship agreement in place with Neil Record dated 28 November 2007. An amendment to this agreement was approved by the Board and signed by Neil Record on 2 October 2014 in order to ensure full compliance with the new Listing Rules.

In September 2020 Neil Record sold 4,000,000 shares to Apex Financial Services (Trust Company) Limited, which administers the Record plc Employee Benefit Trust; following this transaction Neil Record held 29.34% of the voting rights of the Company. Under the terms of the agreement, the relationship agreement remains in place as Neil Record still holds a legal or beneficial interest (whether direct or indirect) in shares which represent 25% or more of the entire issued share capital of the Company.

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

- i. the Company has complied with the independence provisions in the relationship agreement; and
- ii. so far as the Company is aware, Neil Record and his associates have complied with the independence provisions in the relationship agreement.

Restrictions on transfers of shares

Under the terms of the Record plc Group Profit Share (“GPS”) Scheme rules, certain senior employees and Directors of the Company are required to receive a proportion of any GPS award in shares, and may elect to receive a further proportion of their profit share in the form of a share award and receive a final proportion in cash. All ordinary shares which are the subject of these share awards are transferred immediately to a nominee. These shares are not subject to any vesting conditions but are subject to “lock-up” arrangements and clawback provisions. The individual is entitled to full rights in respect of these shares. No such shares can be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee unless specified anniversary dates have been reached. Further details are disclosed in note 23 to the financial statements.

Dealings in the Company’s ordinary shares by persons discharging managerial responsibilities, employees of the Company and, in each case, their connected persons, are subject to the Group’s dealing code which complies with the EU Market Abuse Regulation (“EU MAR”) which came into force on 3 July 2016, and was onshored into UK MAR following the expiry of the Brexit transition period on 31 December 2020.

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

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

The Directors manage the Company under the powers set out in the Company’s Articles of Association. These powers include the Directors’ ability to issue or buy back shares. An ordinary resolution was passed at the 2020 AGM, authorising the Directors to allot new ordinary shares up to an aggregate nominal amount of £16,588, representing approximately one-third of the Company’s issued share capital.

The Directors intend to seek shareholders’ approval for the renewal of this authority at the 2021 AGM. If approved, this authority will expire on 27 October 2022 or, if earlier, at the conclusion of the AGM in 2022.

At the AGM in 2020, shareholders approved a resolution authorising the Company to make purchases of its own shares. A special resolution will be proposed at the 2021 AGM to renew the Company’s limited authority to purchase its own ordinary shares. This authority will be limited to a maximum of 10% of the Company’s issued share capital and will set out the minimum and maximum prices which the Company may pay for any such purchase. If approved, this authority will expire on 27 October 2022, or, if earlier, at the conclusion of the AGM in 2022.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 100.

The Company paid an interim ordinary dividend of 1.15 pence per share on 31 December 2020 to shareholders on the register on 4 December 2020.

The Directors recommend a final ordinary dividend of 1.15 pence per ordinary share for the year ended 31 March 2021, making a total ordinary dividend of 2.30 pence per share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 10 August 2021 to shareholders on the register at the close of business on 2 July 2021. The shares will be quoted ex-dividend from 1 July 2021.

The Board has declared a special dividend of 0.45 pence per share to be paid simultaneously with the final ordinary dividend on 10 August 2021. This equates to a total distribution of 2.75 pence per share, equivalent to 100% of earnings.

Shareholder waiver of dividends

The Record Employee Benefit Trust has waived its rights to dividends paid on the ordinary shares held in respect of the Group Share Scheme, the Group Profit Share Scheme and the Group Joint Share Ownership Plan. The trust held 6,296,657 shares as at 31 March 2021 (2020: 3,219,387 shares).

Financial risk factors

The Group’s activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk (managed using financial instruments) and interest rate risk. The Group seeks to minimise potential adverse effects on its financial performance. Further information is contained in note 24 to the financial statements.

Financial reporting controls

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

Related party transactions

Details of related party transactions are set out in note 26 to the financial statements.

Post-reporting date events

As set out in note 29 to the financial statements, there were no post-reporting date events.

Directors' report continued

Going concern

The Strategic report explains the Group's business activities together with the factors likely to affect its future development, performance and position and the financial statements include information on the Group's financial position, cash flows and liquidity. In addition, the financial risk management note to the financial statements sets out the objectives, policies and processes for the management of the risks to which the business is exposed in order to minimise any adverse effects on the Group's financial performance. The Group has considerable financial and liquid resources and performs regular financial forecasts and cash flow projections. The Group holds no debt.

The Directors have considered the market uncertainty arising from covid-19, and the potential impact upon the business including the effect of a significant decrease in AUME. The assessment took account of the strong capital position, the robust and liquid balance sheet as at 31 March 2021 and the potential effect on the future profitability, cash flow and operations over a twelve-month period.

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

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than the twelve months required by the Going Concern provision. Details of the assessment can be found in the Strategic report on page 49.

Political donations

It is the Group's policy not to make political donations and accordingly no such donations have been made during the period under review.

Environment

The Group's environmental policies and the disclosures required by SI 2008/410 Sch7.15-20 are provided in the Sustainability report on page 28.

Corporate responsibility

Details of the Company's employment practices, including diversity and employee involvement, can be found in the Strategic report from page 2. We are committed to minimising the environmental impact of our operations and to delivering continuous improvement in our environmental performance. See page 33 for more details on our total CO₂ emissions data.

Directors

The Directors of the Company who held office at the year end and to date are listed on pages 52 and 53. Directors' remuneration and Directors' interests in Record plc shares are disclosed in the Remuneration report. All the Directors of the Company are also Directors of the Group's FCA regulated entity Record Currency Management Limited.

Directors' indemnities

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

Directors' conflicts of interest

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

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

Change of control

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

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

2021 Annual General Meeting

The 2021 Annual General Meeting of the Company will be held at 10.00 am on 27 July 2021 at the Company's registered office at Morgan House, Madeira Walk, Windsor SL4 1EP. Details of the ordinary and special resolutions to be proposed at the Annual General Meeting, together with details on the meeting format and voting procedures, are given in a Chairman's letter to shareholders and the attached Notice of Annual General Meeting.

The Board and the Chair of each of the Board Committees will be available to answer questions put to them by shareholders of the Company at the 2021 Annual General Meeting.

By order of the Board:

Kevin Ayles

Company Secretary

16 June 2021

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with the requirements of the Companies Act 2006 and International Financial Reporting Standards ("IFRSs") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and as regards the Parent Company financial statements, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group financial statements and the Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business; and
- prepare a Directors' report, a strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Directors' responsibilities pursuant to DTR 4

The Directors confirm to the best of their knowledge:

- the Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that they face.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

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

- the Company financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

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

Signed on behalf of the Board by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

16 June 2021

Financial statements

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Independent auditor's report

to the members of Record plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Record plc (the 'Parent Company') and its subsidiaries (the "Group") for the year ended 31 March 2021 which comprise the Consolidated and Company statements of financial position, the consolidated statement of comprehensive income, the consolidated and company statement of cash flows and the consolidated and company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the shareholders at the Annual General Meeting on 4 August 2020 to audit the financial statements for the year ended 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement is 1 year, covering the year ending 31 March 2021.

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

The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Independent auditor's report continued

to the members of Record plc

Conclusions relating to going concern

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

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

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

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

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

Overview

Coverage	99% of Group profit before tax 100% of Group revenue 99% of Group total assets
Key audit matters	Revenue recognition 2021 ✓
Materiality	Group financial statements as a whole £308,000 based on 5% of Profit before tax

An overview of the scope of our audit

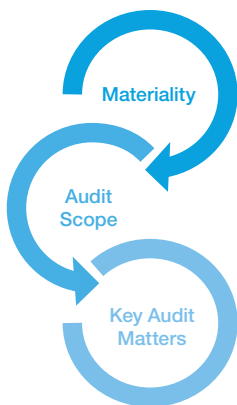
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group’s system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Independent auditor's report continued

to the members of Record plc

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group's associated accounting policies are detailed on page 109.</p> <p>Management fees: £24.9m (2020: £23.1m)</p> <p>Performance fees: £0.081m (2020: £1.8m)</p> <p>Other Currency services income: £0.45m (2020: £0.6m)</p> <p>The Group's revenue arises from the provision of currency management services. Revenue comprises of management fees, performance fees and other income.</p> <p>Revenue recognition is considered to be a significant audit risk as it is a key driver of return to investors and there is a risk that there could be manipulation or omission of amounts recorded in the system.</p> <p>There is also the risk that the manual input of key contractual terms and the identification and valuation of applicable Assets Under Management Equivalents ("AUME") could result in fraud and errors.</p> <p>For performance fees, there are a number of bespoke and complex agreements and due to the manual nature of the calculation and recognition process, there is an increased risk in error in relation to performance fees.</p>	<p>Our audit testing included, but was not restricted to:</p> <ul style="list-style-type: none"> We reviewed the appropriateness of revenue recognition policy against the applicable accounting standards. For a sample of days, we tested the operating effectiveness of the controls over the receipt and input of customer data into the underlying system for AUME through inspection of daily checklists and emails confirming that Front Office Risk Management ("FORM") and Portfolio implementation teams performed the daily monitoring checks over the rebalancing process and that exceptions have been resolved. <p>For Management fees on a sample basis we:</p> <ul style="list-style-type: none"> Recalculated the management fees by applying the fee rates to the AUME and compared our results to management calculations and discussed with management and agreed to supporting documentation where applicable. We also agreed the sampled calculations to invoices. Obtained the Investment Management Agreements ("IMAs") and agreed the methodology used in management's calculations to the relevant IMA. Agreed key inputs used in the management fees calculation such as hedge ratios and fee rates in the management fees calculation to the IMAs. <p>For performance fees on a sample basis we:</p> <ul style="list-style-type: none"> Agreed key inputs, including estimated valuations, relevant hurdles and performance obligations, to supporting documentation such as contracts. With the use of our internal valuation experts we independently recalculated the benchmark performance which was compared to management's calculations and discussed with management and agreed to supporting documentation where applicable. <p>For other income on a sample basis we:</p> <ul style="list-style-type: none"> Obtained the relevant agreements and agreed the methodology used in management's calculations to the relevant agreements. Vouched a sample of revenue to third party reports and bank to check that they have been accounted in the proper period. <p>Key observations:</p> <p>Based on our procedures performed, we did not identify any matters which would indicate that revenue is not appropriately recognised in accordance with the requirements of applicable accounting standards.</p>

Our application of materiality

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

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

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

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

Independent auditor's report continued

to the members of Record plc

Our application of materiality continued

Component materiality

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

Reporting threshold

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability	<ul style="list-style-type: none"> • The Directors' statement with regard to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 49 and 88; and • The Directors' explanation as to their assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on pages 49 and 88.
Other Code provisions	<ul style="list-style-type: none"> • Directors' statement on fair, balanced and understandable set out on page 89; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 45 to 48; • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 42 and 67; and • The section describing the work of the Audit and Risk Committee set out on page 64.

Other Companies Act 2006 reporting

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

<p>Strategic report and Directors' report</p>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.</p>
<p>Directors' remuneration</p>	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
<p>Matters on which we are required to report by exception</p>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Independent auditor's report continued

to the members of Record plc

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

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

Our tests included, but were not limited to:

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

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

Neil Fung-On (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

16 June 2021

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

Consolidated statement of comprehensive income

Year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Revenue	4	25,412	25,563
Cost of sales		(399)	(255)
Gross profit		25,013	25,308
Administrative expenses		(18,934)	(17,741)
Other income or expense	5	41	82
Operating profit	5	6,120	7,649
Finance income		71	146
Finance expense		(38)	(58)
Profit before tax		6,153	7,737
Taxation	7	(802)	(1,365)
Profit after tax		5,351	6,372
Total comprehensive income for the year		5,351	6,372
Profit and total comprehensive income for the year attributable to			
Owners of the parent		5,351	6,420
Non-controlling interests		—	(48)
Total comprehensive income for the year		5,351	6,372
Earnings per share for profit attributable to the equity holders of the Group during the year			
Basic earnings per share	8	2.75	3.26p
Diluted earnings per share	8	2.73	3.26p

The notes on pages 107 to 134 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 March 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Intangible assets	11	420	470
Right-of-use assets	12	684	1,175
Property, plant and equipment	13	683	751
Investments	14	3,046	2,472
Deferred tax assets	15	320	—
Total non-current assets		5,153	4,868
Current assets			
Trade and other receivables	16	8,006	8,704
Derivative financial assets	17	260	193
Money market instruments with maturities > 3 months	18	12,932	7,958
Cash and cash equivalents	18	6,847	14,294
Total current assets		28,045	31,149
Total assets		33,198	36,017
Current liabilities			
Trade and other payables	19	(3,426)	(3,009)
Corporation tax liabilities	19	(315)	(601)
Lease liabilities	12	(539)	(544)
Financial liabilities	20	(1,696)	(2,191)
Derivative financial liabilities	17	(16)	(610)
Total current liabilities		(5,992)	(6,955)
Non-current liabilities			
Deferred tax liabilities	15	(108)	(86)
Provisions	21	(200)	(200)
Lease liabilities	12	(99)	(615)
Total non-current liabilities		(407)	(901)
Total net assets		26,799	28,161
Equity			
Issued share capital	22	50	50
Share premium account		2,418	2,259
Capital redemption reserve		26	26
Retained earnings		24,305	25,694
Equity attributable to owners of the parent		26,799	28,029
Non-controlling interests		—	132
Total equity		26,799	28,161

Approved by the Board on 16 June 2021 and signed on its behalf by:

Neil Record

Chairman

Steve Cullen

Chief Financial Officer

Company registered number: 1927640

The notes on pages 107 to 134 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

Year ended 31 March 2021

Note	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Equity attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
As at 1 April 2020	50	2,259	26	25,694	28,029	132	28,161
Profit and total comprehensive income for the year	—	—	—	5,351	5,351	—	5,351
Trade Record sale	—	—	—	32	32	(132)	(100)
Dividends paid	9	—	—	(5,290)	(5,290)	—	(5,290)
Own shares acquired by EBT	—	—	—	(2,338)	(2,338)	—	(2,338)
Release of shares held by EBT	—	159	—	994	1,153	—	1,153
Share-based payment reserve movement	—	—	—	(138)	(138)	—	(138)
Transactions with shareholders	—	159	—	(6,772)	(6,613)	—	(6,613)
As at 31 March 2021	50	2,418	26	24,305	26,799	—	26,799

Year ended 31 March 2020

Note	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Equity attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
As at 1 April 2019	50	2,243	26	25,022	27,341	60	27,401
IFRS 16 opening adjustment	—	—	—	(98)	(98)	—	(98)
Profit and total comprehensive income for the year	—	—	—	6,420	6,420	(48)	6,372
Dividends paid	9	—	—	(5,888)	(5,888)	—	(5,888)
Issue of shares in subsidiary	—	—	—	—	—	120	120
Own shares acquired by EBT	—	—	—	(1,020)	(1,020)	—	(1,020)
Release of shares held by EBT	—	16	—	971	987	—	987
Share-based payment reserve movement	—	—	—	287	287	—	287
Transactions with shareholders	—	16	—	(5,650)	(5,634)	120	(5,514)
As at 31 March 2020	50	2,259	26	25,694	28,029	132	28,161

The notes on pages 107 to 134 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Profit after tax		5,351	6,372
Adjustments for non-cash movements			
Depreciation of right-of-use assets	12	490	504
Depreciation of property, plant and equipment	13	298	253
Amortisation of intangible assets	11	168	129
Share-based payments		486	738
(Increase) in other non-cash movements		(492)	(786)
Finance income		(71)	(146)
Finance expense		38	58
Tax expense	7	802	1,365
Changes in working capital			
Decrease/(increase) in receivables		696	(1,281)
Increase in payables		417	618
Cash inflow from operating activities		8,183	7,824
Corporation tax paid		(1,385)	(1,399)
Net cash inflow from operating activities		6,798	6,425
Purchase of intangible software	11	(189)	(311)
Purchase of property, plant and equipment	13	(230)	(243)
Purchase of investments		(881)	(1,113)
(Redemption)/subscription of units in funds		(335)	118
Investment in subsidiaries		(23)	—
(Purchase)/sale of money market instruments with maturity > 3 months		(4,973)	2,777
Sale of Trade Record shares		120	—
Interest received		71	160
Net cash (outflow)/inflow from investing activities		(6,440)	1,388
Cash flow from financing activities			
Lease repayments	12	(560)	(576)
Subscription for shares in subsidiary		—	120
Purchase of own shares		(1,808)	(487)
Dividends paid to equity shareholders	9	(5,290)	(5,888)
Cash outflow from financing activities		(7,658)	(6,831)
Net (decrease)/increase in cash and cash equivalents in the year		(7,300)	982
Exchange (losses) and gains		(147)	346
Cash and cash equivalents at the beginning of the year		14,294	12,966
Cash and cash equivalents at the end of the year		6,847	14,294
Closing cash and cash equivalents consist of:			
Cash		2,372	8,004
Cash equivalents		4,475	6,290
Cash and cash equivalents	18	6,847	14,294

The notes on pages 107 to 134 are an integral part of these consolidated financial statements.

Company statement of financial position

As at 31 March 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Right-of-use assets	12	642	1,096
Investments	14	4,315	3,516
Deferred tax		7	—
Total non-current assets		4,964	4,612
Current assets			
Corporation tax		17	—
Trade and other receivables	16	1,387	142
Cash and cash equivalents	18	173	2,241
Total current assets		1,577	2,383
Total assets		6,541	6,995
Current liabilities			
Trade and other payables	19	(16)	(10)
Corporation tax liabilities	19	—	(2)
Lease liabilities		(501)	(495)
Total current liabilities		(517)	(507)
Non-current liabilities			
Lease liabilities		(96)	(584)
Provisions	21	(200)	(200)
Total non-current liabilities		(296)	(784)
Total net assets		5,728	5,704
Equity			
Issued share capital	22	50	50
Share premium account		1,809	1,809
Capital redemption reserve		26	26
Retained earnings		3,843	3,819
Total equity		5,728	5,704

The Company's total comprehensive income for the year (which is principally derived from intra-group dividends) was £5,133,381 (2020: £6,098,249).

Approved by the Board on 16 June 2021 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

Company registered number: 1927640

The notes on pages 107 to 134 are an integral part of these consolidated financial statements.

Company statement of changes in equity

Year ended 31 March 2021

	Note	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2020		50	1,809	26	3,819	5,704
Profit and total comprehensive income for the year		—	—	—	5,133	5,133
Dividends paid	9	—	—	—	(5,290)	(5,290)
Share option reserve movement		—	—	—	181	181
Transactions with shareholders		—	—	—	(5,109)	(5,109)
As at 31 March 2021		50	1,809	26	3,843	5,728

Year ended 31 March 2020

	Note	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2019		50	1,809	26	3,616	5,501
IFRS 16 opening adjustment		—	—	—	(91)	(91)
Profit and total comprehensive income for the year		—	—	—	6,098	6,098
Dividends paid	9	—	—	—	(5,888)	(5,888)
Share option reserve movement		—	—	—	84	84
Transactions with shareholders		—	—	—	(5,804)	(5,804)
As at 31 March 2020		50	1,809	26	3,819	5,704

The notes on pages 107 to 134 are an integral part of these consolidated financial statements.

Company statement of cash flows

Year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Profit after tax		(137)	68
Adjustments for non-cash movements			
Depreciation of right-of-use assets		453	453
Loss on investments		167	25
Other non-cash movements		—	(162)
Finance income		—	(1)
Finance expense		35	54
Tax expense		(30)	5
Changes in working capital			
(Increase) in receivables		(1,245)	(271)
Increase in payables		6	298
Cash (outflow)/inflow from operating activities		751	469
Corporation taxes received/(paid)		4	(17)
Net cash (outflow)/inflow from operating activities		(747)	452
Cash flow from investing activities			
Dividends received		5,270	6,030
Investment in subsidiaries		(23)	(80)
Purchase of investments		(881)	—
Redemption of seed funds		—	2,247
Interest received		—	2
Disposal of subsidiary		120	—
Net cash (outflow) from investing activities		4,486	8,199
Cash flow from financing activities			
Lease repayments		(517)	(517)
Dividends paid to equity shareholders	9	(5,290)	(5,888)
Cash (outflow) from financing activities		(5,807)	(6,405)
Net (decrease)/increase in cash and cash equivalents in the year		(2,068)	2,246
FX revaluation		—	(8)
Cash and cash equivalents at the beginning of the year		2,241	3
Cash and cash equivalents at the end of the year		173	2,241
Closing cash and cash equivalents consist of:			
Cash		173	2,241
Cash equivalents		—	—
Cash and cash equivalents	18	173	2,241

The notes on pages 107 to 134 are an integral part of these consolidated financial statements.

Notes to the financial statements

For the year ended 31 March 2021

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

1. Accounting policies

In order to provide more clarity to the notes to the financial statements, accounting policy descriptions appear at the beginning of the note to which they relate, and are shown in blue text.

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

a. Accounting convention

Basis of preparation

The Group financial statements have been prepared in accordance with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and the Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on a historical cost basis, modified to include fair valuation of derivative financial instruments.

The Directors are satisfied that the Company and the Group have adequate resources with which to continue to operate for the foreseeable future. In arriving at this conclusion, the Directors have considered in detail the impact of the covid-19 pandemic on the Group, the market it operates in and its stakeholders. For this reason the financial statements have been prepared on a going concern basis. Please refer to the Directors' report on page 88 for more detail on going concern, and also see management's detailed review of the impact of covid-19 on page 44.

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

Future accounting developments

The Group did not implement the requirements of any other standards or interpretations that were in issue but were not required to be adopted by the Group at the year end date. No other standards or interpretations have been issued that are expected to have a material impact on the Group's financial statements.

b. Basis of consolidation

The consolidated financial information contained within the financial statements incorporates financial statements of the Company and its subsidiaries drawn up to 31 March 2021. Subsidiaries are entities controlled by the Company and are included from the date that control commences until the date that control ceases. Control is achieved where the Company is exposed to or has rights over variable returns from its involvement with the entity and it has the power to affect returns.

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

At the end of the financial year, the Group held investments in two seed funds. These funds are held by Record plc and represent seed capital investments by the Group.

Significant judgement

The Group uses judgement to determine whether investments in its seed funds constitute controlling interests in accordance with IFRS 10 – "Consolidated Financial Statements". The Group considers all relevant facts and circumstances in assessing whether it has control over specific funds or other entities. This includes consideration of the extent of the Group's exposure to variability of returns as an investor and the Group's ability to direct the relevant activities, through exercising its voting rights as an investor, or as investment manager. We consider that the Group exerts such control in cases where (either in isolation or together with its related parties) it holds a majority of units in the fund.

If the Group is in a position to be able to control a fund, then the fund is consolidated within the Group financial statements. Such funds are consolidated either on a line-by-line basis, or if the fund meets the definition of a disposal group held for sale it is classified and accounted for on that basis. In the case that the Group does not control a fund for the complete reporting period, then the fund is consolidated only for the part of the reporting period for which the Group has control over the entity.

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

Notes to the financial statements continued

For the year ended 31 March 2021

1. Accounting policies continued

b. Basis of consolidation continued

The financial statements of subsidiary undertakings, which are prepared using uniform accounting policies, are coterminous with those of the Company apart from those of the seed funds which have accounting reference dates of 30 September. The consolidated financial statements incorporate the financial performance of the seed funds in the year ended 31 March 2021 and the financial position of the seed funds as at 31 March 2021.

The Company is taking advantage of the exemption under the Companies Act 2006 s408(1) not to present its individual statement of comprehensive income and related notes that form part of the financial statements. The Group's total comprehensive income for the year includes a profit of £5,133,381 attributable to the Company (2020: £6,098,249).

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

c. Foreign currencies

The financial statements are presented in sterling (£), which is the functional currency of the parent company. Foreign currency transactions are translated into the functional currency of the parent company using prevailing exchange rates which are updated on a monthly basis. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income under "other income or expense".

d. Administrative expenses

Administrative expense includes staff costs, marketing and IT costs, which are recognised on an accruals basis as services are provided to the Group.

e. Financial instruments

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

f. Impairment of assets

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

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

g. Provisions and contingent liabilities

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

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

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

h. Equity

Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premium received on issue of share capital. From time to time, the Group has bought in ordinary shares for cancellation. The cost of the buy-ins was taken directly to retained earnings. The nominal value of the shares was taken to a capital redemption reserve. Retained earnings includes all current and prior period retained profits and share-based employee remuneration. All transactions with owners of the parent are recorded separately within equity.

2. Critical accounting estimates and judgements

In order to prepare the financial statements in accordance with IFRS, management make certain critical accounting estimates. Management are also required to exercise judgement in the process of applying the Group's accounting policies and in determining the reported amount of certain assets and liabilities.

The estimates and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. As a consequence, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Areas of significant judgement – consolidation of seed funds

Note 1b describes the basis which the Group uses to determine whether it controls seed funds; further detail on consolidation of seed funds is provided in note 14.

Sources of estimation uncertainty

Management recognise that the use of estimates is important in calculating both the fair value of share options offered by the Group to its employees (see note 23) and deferred tax (see note 15), however the sources of estimation uncertainty do not present a significant risk of material adjustment to the carrying amounts of assets or liabilities within the next financial year in either case.

Calculation of leased assets and liabilities requires the use of both estimation and judgement. The identification of an appropriate discount rate to use in the calculation of the lease liability involves both estimation and judgement. Where the lease's implicit rate is not readily determinable, an incremental borrowing rate must be calculated by the Group. The discount rate used has a direct effect on the size of the lease liability capitalised and although this has been included as an area where the use of estimation and judgement in note 12 is important, it is unlikely to materially impact the Group. Intangible assets are written down in accordance with the Group's amortisation policy on page 112. The assets are reviewed by management to ensure the amortisation period is appropriate. Investments are revalued at market value monthly and any potential impairments would be written down as and when the Company is notified.

3. Segmental analysis

The Directors, who together are the entity's Chief Operating Decision Maker, consider that its services comprise one operating segment (being the provision of currency management services) and that it operates in a market that is not bound by geographical constraints. The Group provides Directors with revenue information disaggregated by product, whilst operating costs, assets and liabilities are presented on an aggregated basis. This reflects the unified basis on which the products are marketed, delivered and supported. Further information on the Group's operations and principal activities is provided in the Business model section from page 8. Revenue analysed by product is provided in note 4.

4. Revenue

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of currency management services. Our revenues typically arise from charging management fees, performance fees and other currency services income and are accounted for in accordance with IFRS 15 – "Revenue from contracts with customers".

Management fees and other currency services income are recorded on a monthly basis as the service occurs; there are no other performance obligations (excluding standard duty of care requirements). Management fees are calculated as an agreed percentage of the Assets Under Management Equivalents ("AUME") denominated in the client's chosen base currency. The percentage varies depending on the nature of services and the level of AUME. Management fees are typically invoiced to the customer quarterly with receivables recognised for unpaid invoices.

The Group is entitled to earn performance fees from some clients where the performance of the clients' mandates exceeds defined benchmarks over a set time period, and are recognised when the fee amount can be estimated reliably and it is highly probable that it will not be subject to significant reversal.

Performance fee revenues are not considered to be highly probable until the end of a contractual performance period and therefore are not recognised until they crystallise, at which time they are payable by the client and cannot be clawed back. There are no other performance obligations or services provided which suggest these have been earned either before or after crystallisation date.

a. Revenue from contracts with customers

The following table provides a breakdown of revenue from contracts with customers, with management fees analysed by product. Other currency services income includes fees from signal hedging and fiduciary execution.

Revenue by product type	2021 £'000	2020 £'000
Management fees		
Passive Hedging	11,377	12,026
Dynamic Hedging	5,623	3,995
Currency for Return	2,005	1,982
Multi-product	5,873	5,130
Total management fee income	24,878	23,133
Performance fee income	81	1,819
Other currency services income	453	611
Total revenue from contracts with customers	25,412	25,563

Management fees are invoiced typically on a quarterly basis, although Record may invoice fees monthly for some of its larger clients. Performance fees can be invoiced on a quarterly, six-monthly or annually basis, as agreed with our clients.

Notes to the financial statements continued

For the year ended 31 March 2021

4. Revenue continued

Revenue recognition continued

b. Geographical analysis

The geographical analysis of revenue is based on the destination i.e. the location of the client to whom the services are provided. All turnover originated in the UK. Other relates to a number of regions that are individually immaterial.

Revenue by geographical region	2021 £'000	2020 £'000
Management and performance fee income		
UK	2,322	2,328
US	8,619	6,209
Switzerland	9,097	11,377
Other	5,374	5,649
Total revenue	25,412	25,563

c. Major clients

During the year ended 31 March 2021, two clients individually accounted for more than 10% of the Group's revenue. The two largest clients generated revenues of £4.1 million and £2.7 million in the year (2020: three largest clients generated revenues of £3.9 million, £3.5 million and £3.1 million in the year).

5. Operating profit

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

	2021 £'000	2020 £'000
Staff costs	13,470	12,087
Depreciation of property, plant and equipment	299	253
Depreciation of leased property	490	504
Amortisation of intangibles	168	129
Auditor fees:		
Fees payable to the Group's auditor for the audit of the Company's annual accounts	70	64
Fees payable to the Group's auditor for the audit of subsidiary undertakings	80	53
Fees payable to the Group's auditor for the audit of consolidated funds	—	43
Auditor fees total	150	160
Fees payable to the Group's auditor and its associates for other services:		
Audit-related assurance services required by law or regulation	5	7
Other non-audit services	12	26
(Profit)/loss on forward FX contracts held to hedge cash flow	(673)	509
Loss on derivative financial instruments held by seed funds	53	323
Exchange losses/(gains) on revaluation of external holding in seed funds	97	(115)
Other exchange losses/(gains)	652	(515)
Investment (gains)	(170)	(283)

6. Staff costs

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

	2021	2020
Corporate	7	8
Client relationships	17	16
Investment research	16	16
Operations	23	24
Risk management	5	5
Support	15	13
Annual average	83	82

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

	2021 £'000	2020 £'000
Wages and salaries	10,542	9,356
Social security costs	1,349	1,278
Pension costs	574	514
Other employment benefit costs	1,005	939
Aggregate staff costs	13,470	12,087

Other employment benefit costs include share-based payments, share option costs, and costs relating to the Record plc Share Incentive Plan. Details of payments made to Directors for loss of office are provided on page 77.

7. Taxation – Group

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

	2021 £'000	2020 £'000
UK current year charge	1,144	1,402
Overseas taxes	64	50
Prior year adjustments	(108)	(143)
Current tax charge	1,100	1,309
Origination and reversal of temporary differences	(298)	56
Total deferred tax	(298)	56
Tax on profit on ordinary activities	802	1,365

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

	2021 £'000	2020 £'000
Profit before taxation	6,153	7,737
Taxation at the standard rate of tax in the UK of 19% (2020: 19%)	1,169	1,470
Tax effects of:		
Other disallowable expenses and non-taxable income	—	4
Higher tax rates on subsidiary undertakings	19	17
Adjustments recognised in current year in relation to Research and Development claims in respect of prior years	(108)	(143)
Other temporary differences	(278)	17
Total tax expense	802	1,365
The tax expense comprises:		
Current tax expense	1,100	1,309
Deferred tax (income)/expense	(298)	56
Total tax expense	802	1,365

The standard rate of UK corporation tax for the year is 19% (2020: 19%). A full corporation tax computation is prepared at the year end. The actual charge as a percentage of the profit before tax may differ from the underlying tax rate. Differences typically arise as a result of capital allowances differing from depreciation charged, and certain types of expenditure not being deductible for tax purposes. Other differences may also arise.

The tax charge for the year ended 31 March 2021 was 13.0% of profit before tax (2020: 17.6%). Other temporary differences for the year ended 31 March 2021 include the impact of deferred tax income of £298k (2020: expense of £56k).

Notes to the financial statements continued

For the year ended 31 March 2021

8. Earnings per share

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

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

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

	2021	2020
Weighted average number of shares used in calculation of basic earnings per share	194,461,787	196,679,874
Effect of potential dilutive ordinary shares – share options	1,705,089	390,156
Weighted average number of shares used in calculation of diluted earnings per share	196,166,876	197,070,030
	pence	pence
Basic earnings per share	2.75	3.26
Diluted earnings per share	2.73	3.26

The potential dilutive shares relate to the share options granted in respect of the Group's Share Scheme (see note 23). There were share options in place at the beginning of the year over 11,895,515 shares. During the year 1,385,263 share options were exercised, and a further 2,515,831 share options lapsed or were forfeited. The Group granted 3,850,000 share options with a potentially dilutive effect during the year. Of the 11,844,421 share options in place at the end of the period, 9,391,908 have a dilutive impact at the year end.

9. Dividends

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

The dividends paid by the Group during the year ended 31 March 2021 totalled £5,290,324 (2.71 pence per share) which comprised a final dividend in respect of the year ended 31 March 2020 of £2,261,779 (1.15 pence per share), a special dividend in respect of the year ended 31 March 2020 of £806,374 (0.41 pence per share) and an interim dividend for the year ended 31 March 2021 of £2,222,171 (1.15 pence per share).

The dividends paid by the Group during the year ended 31 March 2020 totalled £5,887,541 (2.99 pence per share) which comprised a final dividend in respect of the year ended 31 March 2019 of £2,261,970 (1.15 pence per share), a special dividend in respect of the year ended 31 March 2019 of £1,357,182 (0.69 pence per share) and an interim dividend for the year ended 31 March 2020 of £2,268,389 (1.15 pence per share).

For the year ended 31 March 2021, a final ordinary dividend of 1.15 pence per share has been proposed and a special dividend of 0.45 pence per share has been declared, totalling £2.3 million and £0.8 million respectively.

10. Retirement benefit obligations

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

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

The pension cost charge disclosed in note 6 to the accounts represents contributions payable by the Group to the funds.

11. Intangible assets

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

- Software – 2 to 5 years

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

The Group's intangible assets comprise both purchased software and the capitalised cost of software deployment. No internal costs of software development are capitalised. Internal software costs would be capitalised if they meet the IAS 38 criteria. The carrying amounts can be analysed as follows:

	Software £'000	Total £'000
2021		
Cost		
At 1 April 2020	1,903	1,903
Additions	189	189
Disposals	(951)	(951)
At 31 March 2021	1,141	1,141
Amortisation		
At 1 April 2020	1,433	1,433
Charge for the year	168	168
Disposals	(880)	(880)
At 31 March 2021	721	721
Net book amounts		
At 31 March 2021	420	420
At 1 April 2020	470	470
2020	Software £'000	Total £'000
Cost		
At 1 April 2019	1,592	1,592
Additions	311	311
Disposals	—	—
At 31 March 2020	1,903	1,903
Amortisation		
At 1 April 2019	1,304	1,304
Charge for the year	129	129
Disposals	—	—
At 31 March 2020	1,433	1,433
Net book amounts		
At 31 March 2020	470	470
At 1 April 2019	288	288

Disposals represent £880,329 of fully depreciated assets that were not in use on 31 March 2021 and £71,377 of Trade Record assets which were removed from the consolidation as the result of the Group divesting from Trade Record on 21 December 2020. The annual contractual commitment for the maintenance and support of the above software is £221,004 (2020: £187,454). All amortisation charges are included within administrative expenses.

12. Leases

The Group's lease arrangements consist of business premises property leases. Rental contracts are typically made for fixed periods of three to six years but they may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

Leases have been recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets include the net present value of the lease payments less any lease incentives receivable.

Notes to the financial statements continued

For the year ended 31 March 2021

12. Leases continued

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. As the Group has no borrowings it has estimated the incremental borrowing rate based on interest rate data available in the market, adjusted to reflect Record's creditworthiness, the leased asset in question and the terms and conditions of the lease. For those leases which existed prior to the IFRS 16 transition date on 1 April 2019, a discount rate of 4% was used in calculating the lease liability on transition.

The leases relevant to the twelve months ended 31 March 2021, and the comparative period, are as described below.

On 7 September 2016, the Group signed a new lease on premises at Second and Third Floors, Morgan House, Madeira Walk, Windsor, at an annual commitment of £507,603, expiring 1 September 2022.

On 16 March 2016, the Group signed a lease on premises in New York City, at an average annual commitment of \$125,840. The lease expired on 31 May 2019.

On 1 June 2017, the Group signed a five-year lease on premises in Zürich, at an annual commitment of CHF 49,680.

Record assesses whether a contract is or contains a lease at the inception of the contract.

Right-of-use ("ROU") assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- an estimate of costs to be incurred to restore the assets to the condition required by the terms and conditions of the lease.

Depreciation is calculated on a straight-line basis over the lease term and included within administration costs (note 5).

Net book value of right-of-use assets

	Group £'000	Company £'000
Year ended 31 March 2021		
Net book value at 1 April 2020	1,175	1,096
Addition	—	—
Depreciation	(490)	(454)
FX revaluation	(1)	—
Net book value at 31 March 2021	684	642
Year ended 31 March 2020		
Net book value on transition at 1 April 2019	1,560	1,435
Addition	114	114
Depreciation	(504)	(453)
FX revaluation	5	—
Net book value at 31 March 2020	1,175	1,096
Lease liabilities		
	Group £'000	Company £'000
Current	539	501
Non-current	99	96
Total lease liabilities	638	597
	Group £'000	Company £'000
At 1 April 2020	1,159	1,079
Interest expense	38	35
Lease payments	(518)	(482)
Lease interest payments	(38)	(35)
Foreign exchange movements	(3)	—
At 31 March 2021	638	597

Lease payments

At 31 March 2021, the undiscounted operating lease payments on an annual basis are as follows:

Maturity of lease liability at 31 March 2021

	Group £'000	Company £'000
Within 1 year	556	518
1-2 years	100	96
2-3 years	—	—
After 3 years	—	—
Total lease liability before discounting	656	614

The remainder of the movement in the lease liability relates to non-cash movements. The lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Group considers that exercise of the option is reasonably certain.

13. Property, plant and equipment – Group

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

- Leasehold improvements – period from lease commencement to the earlier of the lease termination date and the next rent review date
- Computer equipment – 2 to 5 years
- Fixtures and fittings – 4 to 6 years

Residual values, remaining useful economic lives and depreciation methods are reviewed annually and adjusted if appropriate. Gains or losses on disposal are included in profit or loss.

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

	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
2021				
Cost				
At 1 April 2020	692	952	327	1,971
Additions	1	228	2	231
Disposals	—	(197)	(24)	(221)
At 31 March 2021	693	983	305	1,981
Depreciation				
At 1 April 2020	397	573	250	1,220
Charge for the year	123	139	37	299
Disposals	—	(197)	(24)	(221)
At 31 March 2021	520	515	263	1,298
Net book amounts				
At 31 March 2021	173	468	42	683
At 1 April 2020	295	379	77	751

Notes to the financial statements continued

For the year ended 31 March 2021

13. Property, plant and equipment – Group continued

2020	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2019	692	711	325	1,728
Additions	—	241	2	243
Disposals	—	—	—	—
At 31 March 2020	692	952	327	1,971
Depreciation				
At 1 April 2019	271	484	212	967
Charge for the year	126	89	38	253
Disposals	—	—	—	—
At 31 March 2020	397	573	250	1,220
Net book amounts				
At 31 March 2020	295	379	77	751
At 1 April 2019	421	227	113	761

The Group's tangible non-current assets are located predominantly in the UK.

14. Investments

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Investment in subsidiaries at cost	—	—	69	166
Capitalised investment in respect of share-based payments	—	—	1,460	1,279
Investment in funds	847	—	2,786	2,071
Investment in impact bonds	2,199	2,472	—	—
Total investments	3,046	2,472	4,315	3,516

Company

Investments in subsidiaries

Investments in subsidiaries are shown at cost less impairment losses. The capitalised investment in respect of share-based payments offered by subsidiaries is equal to the cumulative fair value of the amounts payable to employees recognised as an expense by the subsidiary.

	2021 £'000	2020 £'000
Investment in subsidiaries (at cost)		
Record Currency Management Limited	10	10
Record Group Services Limited	10	10
Record Portfolio Management Limited	10	10
Record Currency Management (US) Inc.	—	—
Record Currency Management (Switzerland) GmbH	16	16
Trade Record Ltd	—	120
Record Asset Management GmbH	23	—
Record Fund Management Limited	—	—
N P Record Trustees Limited	—	—
Total investment in subsidiaries (at cost)	69	166
Capitalised investment in respect of share-based payments		
Record Group Services Limited	1,341	1,186
Record Currency Management (US) Inc.	89	89
Record Currency Management (Switzerland) GmbH	30	4
Total capitalised investment in respect of share-based payments	1,460	1,279
Total investment in subsidiaries	1,529	1,445

Particulars of subsidiary undertakings

Name	Nature of business
Record Currency Management Limited	Currency management services (FCA, SEC and CFTC registered)
Record Group Services Limited	Management services to other Group undertakings
Record Currency Management (US) Inc.	US advisory and service company (SEC and CFTC registered)
Record Currency Management (Switzerland) GmbH	Swiss advisory and service company
Trade Record Ltd	Prize competition allowing subscribers to trade virtual money across asset classes
Record Asset Management GmbH	German advisory and service company
Record Portfolio Management Limited	Dormant
Record Fund Management Limited	Dormant
N P Record Trustees Limited	Dormant trust company

The Group's interest in the equity capital of subsidiary undertakings is 100% of the ordinary share capital in all cases. Record Currency Management (US) Inc. is incorporated in Delaware (registered office: Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808), Record Currency Management (Switzerland) GmbH is incorporated in Zürich (registered office: Münsterhof 14, 8001 Zürich) and Record Asset Management GmbH is incorporated Germany (registered office: Königsallee 92a, 40212 Düsseldorf).

Investment in Trade Record Ltd ("Trade Record")

On 21 December 2020, Record plc disposed of its 40% shareholding in the ordinary share capital of Trade Record Ltd. Proceeds of the disposal amounted to £120,000 which equated to the Company's total investment at cost.

Notes to the financial statements continued

For the year ended 31 March 2021

14. Investments continued

Company continued

Capitalised investment in respect of share-based payments

The accounting treatment of capitalised investment in respect of share-based payments can be found in note 23.

Investment in seed funds

In addition to the subsidiaries listed above, the Company holds investments in seed funds. These funds are seed investments, which have various investment objectives and policies and are subject to the terms and conditions of their offering documentation. The principal activity of each is to invest capital from investors in a portfolio of assets in order to provide a return for those investors.

The seed fund investments are presented within investments in the Company statement of financial position, and all seed fund entities are sub-funds of the Record Umbrella Fund, an open-ended umbrella unit trust authorised in Ireland. The two seed funds invested in by the Company are shown in the table below.

Group

Entities are consolidated on a line-by-line basis where the Group has determined that a controlling interest exists through an investment holding in the entity, in accordance with IFRS 10 – “Consolidated Financial Statements”. Otherwise, investments in entities are measured at fair value through profit or loss.

Investment in seed funds

The Group has controlled the Record Currency – Strategy Development Fund and Record – Currency Multi-Strategy Fund throughout both the year ended 31 March 2021 and the comparative year. Both funds were consolidated in full, on a line-by-line basis in the Group’s financial statements throughout these periods.

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Investment in seed funds				
Record Currency – Strategy Development Fund	–	–	1,077	1,181
Record – Currency Multi-Strategy Fund	–	–	862	890
Total investment in seed funds	–	–	1,939	2,071

Investment in impact bonds

In January 2020, the Group invested £2,287,241 in impact bonds; the fair value at the year end was £2,198,886 (prior year: £2,472,241). Impact bonds are measured at fair value through profit or loss.

15. Deferred taxation – Group

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

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

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

Deferred tax assets or liabilities arising on goodwill are not recognised but are however recognised on separately identifiable intangible assets.

Deferred tax arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting profit or loss nor the taxable profit or loss, is not recognised.

	2021 £'000	2020 £'000
Credit/(charge) to income statement in year	298	(57)
(Liability) brought forward	(86)	(29)
Asset/(liability) carried forward	212	(86)

The deferred tax asset/(liability) consists of the tax effect of temporary differences in respect of:

	2021 £'000	2020 £'000
Deferred tax allowance on unvested share options	320	1
Excess of taxation allowances over depreciation on fixed assets	(108)	(87)
Total	212	(86)

At the year end there were share options not exercised with an intrinsic value for tax purposes of £3,755,976 (2020: £7,357). On exercise the Group will be entitled to a corporation tax deduction in respect of the difference between the exercise price and the strike price. There is no unprovided deferred taxation. Deferred tax has been calculated based on the current tax rate of 19% and it is subject to change if tax rates change in future years. It was announced in the March 2021 Budget that Corporation Tax will increase to 25% on 1 April 2023.

16. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowances. The amortised cost of trade and other receivables is stated at original invoice value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs") for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding 25 years on the total balance of non-credit impaired trade receivables. Accrued income relates to accrued management and performance fees earned but not yet invoiced.

An analysis of receivables is provided below:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade receivables	6,519	5,192	1,345	142
Accrued income	37	2,264	—	—
Other receivables	470	308	—	—
Prepayments	980	940	42	—
Total	8,006	8,704	1,387	142

All amounts are short-term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The Group has not renegotiated the terms of any receivables in the year ended 31 March 2021. The Group's trade receivables are generally short-term and do not contain significant financing components.

The Group applies the IFRS 9 simplified approach to measuring ECLs for trade receivables and contract assets at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding 25 years on the total balance of non-credit impaired trade receivables. Contract assets relate to accrued management and performance fees earned but not yet invoiced and have substantially the same risk characteristics as the trade receivables. The Group has therefore concluded that the ECLs for trade receivables are a reasonable approximation of the loss rates for the contract assets. The Group does not expect to incur any credit losses and has not recognised any ECLs in the current year (2020: £nil).

17. Derivative financial assets and liabilities

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

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

	2021 £'000	2020 £'000
Derivative financial assets		
Forward foreign exchange contracts held to hedge non-sterling based assets	—	—
Forward foreign exchange contracts held for trading	215	178
Foreign exchange options held for trading	45	15
Total	260	193

Notes to the financial statements continued

For the year ended 31 March 2021

17. Derivative financial assets and liabilities continued

	2021 £'000	2020 £'000
Derivative financial liabilities		
Forward foreign exchange contracts held to hedge non-sterling based assets	—	(316)
Forward foreign exchange contracts held for trading	(16)	(294)
Total	(16)	(610)

Derivative financial instruments held to hedge non-sterling based assets

At 31 March 2021 there were outstanding contracts with a principal value of £9,076,940 (31 March 2020: £10,993,268) 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 2021. The Group does not apply hedge accounting.

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

	2021 £'000	2020 £'000
Derivative financial instruments held to hedge non-sterling based assets		
Net loss on forward foreign exchange contracts at fair value through profit or loss	673	509

Derivative financial instruments held for trading

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

All derivative financial instruments held by the Record – Currency Multi-Strategy Fund and the Record Currency – Strategy Development Fund were classified as held for trading throughout the period.

At 31 March 2021 there were outstanding contracts with a principal value of £10,383,964 (31 March 2020: £23,425,316).

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

	2021 £'000	2020 £'000
Derivative financial instruments held to hedge non-sterling based assets		
Net loss on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	53	323

18. Cash management

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

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

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

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Assets managed as cash				
Bank deposits with maturities > 3 months	12,932	7,958	—	—
Treasury bills with maturities > 3 months	—	—	—	—
Money market instruments with maturities > 3 months	12,932	7,958	—	—
Cash	2,372	8,004	173	2,241
Bank deposits with maturities <= 3 months	4,475	6,290	—	—
Cash and cash equivalents	6,847	14,294	173	2,241
Total assets managed as cash	19,779	22,252	173	2,241

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash and cash equivalents				
Cash and cash equivalents – sterling	3,108	10,426	173	2,241
Cash and cash equivalents – USD	2,692	3,654	—	—
Cash and cash equivalents – CHF	183	161	—	—
Cash and cash equivalents – other currencies	864	53	—	—
Total cash and cash equivalents	6,847	14,294	173	2,241

The Group cash and cash equivalents balance incorporates the cash and cash equivalents held by any fund deemed to be under control of Record plc (refer to notes 1 and 14 for explanation of accounting treatment). As at 31 March 2021, the cash and cash equivalents held by the seed funds over which the Group had control totalled £3,159,533 (31 March 2020: £2,731,819) and the money market instruments with maturities > 3 months held by these funds were £427,957 (31 March 2020: £1,599,741).

Details of how the Group manages credit risk are provided in note 24.

19. Current liabilities

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

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade and other payables				
Trade payables	384	425	—	—
Amounts owed to Group undertaking	—	—	10	10
Other payables	16	11	—	—
Other tax and social security	486	443	—	—
Accruals	2,540	2,130	6	—
Total	3,426	3,009	16	10

Accruals include £1,644,761 for the Group Profit Share Scheme (31 March 2020: £1,597,350). The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current tax liabilities				
Corporation tax	315	601	—	2

20. Financial liabilities

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

The Record – Currency Multi-Strategy Fund and the Record Currency – Strategy Development Fund were considered to be under control of the Group as the combined holding of Record plc and its Directors constituted a majority interest throughout the current and prior years.

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

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

	2021 £'000	2020 £'000
Record – Currency Multi-Strategy Fund	1,696	2,191
Record Currency – Strategy Development Fund	—	—
Total financial liabilities	1,696	2,191

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

Notes to the financial statements continued

For the year ended 31 March 2021

21. Provisions

The Group has provisions reflecting its contractual obligations connected to reaching the end of its contractual lease terms.

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Provisions	200	200	200	200

22. Issued share capital

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

	2021		2020	
	£'000	Number	£'000	Number
Authorised				
Ordinary shares of 0.025p each	100	400,000,000	100	400,000,000
Called-up, allotted and fully paid				
Ordinary shares of 0.025p each	50	199,054,325	50	199,054,325

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

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

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

	Number
Record plc shares held by EBT as at 31 March 2019	2,986,036
Adjustment for net purchases by EBT	233,351
Record plc shares held by EBT as at 31 March 2020	3,219,387
Adjustment for net purchases by EBT	3,077,270
Record plc shares held by EBT as at 31 March 2021	6,296,657

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

Further information regarding the Record plc share-based compensation plans and relevant transactions made during the year is included in note 23.

23. Share-based payments

During the year ended 31 March 2021 the Group has managed the following share-based compensation plans:

- the Group Profit Share Scheme: share awards issued under the Group Profit Share Scheme are classified as share-based payments with cash alternatives under IFRS 2;
- the Record plc Share Scheme: share options issued under the Record plc Share Scheme are classified as equity-settled share-based payments under IFRS 2;
- the Record plc Share Incentive Plan: the Group operates the Record plc Share Incentive Plan ("SIP") to encourage more widespread ownership of Record plc shares by employees. The SIP is a tax-approved scheme offering attractive tax savings for employees retaining their shares in the scheme over the medium to long term; and
- the Record plc Jointly Owned Share Plan: participants' interests awarded under the Jointly Owned Share Plan ("JSOP") are classified as equity-settled share-based payments under IFRS 2.

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

a. Group Profit Share Scheme

Share-based payments with cash alternatives

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

The Group Profit Share Scheme allocates a proportion of operating profits to a profit share pool to be distributed between all employees of the Group. The Remuneration Committee has the discretion to vary the proportion allocated to the profit share pool between 25% and 35% of operating profits. Directors and senior employees receive one-third of their profit share in cash, one-third in shares ("Earned Shares") and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares. The charge to profit or loss in respect of Earned Shares in the period was £765,606 (2020: £838,483). Other employees receive two-thirds of their profit share in cash and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares.

All shares which are the subject of share awards vest immediately and are transferred to a nominee, allowing the employee, as beneficial owner, to retain full rights in respect of the shares purchased. Shares awarded under the Group Profit Share Scheme are subject to restrictions over subsequent sale and transfer and these restrictions are automatically lifted over one-third on each anniversary of the Profit Share payment date for the next three years. In the meantime, these shares cannot be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee.

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

b. The Record plc Share Scheme

Equity-settled share-based payments

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

The fair value of options granted is measured at grant date using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted including any market or performance conditions, and using quoted share prices.

The Record plc Share Scheme allows deferred share awards to be granted to employees and Directors in the Record Group. Part 1 of the scheme allows the grant of tax-unapproved ("Unapproved") options to employees and Directors and Part 2 allows the grant of HMRC tax-approved ("Approved") options to employees and Directors. Each participant may be granted Approved options over shares with a total market value of up to £30,000 on the date of grant. There is no such limit on the value of grant for Unapproved options, which have historically been granted with a market value exercise price in the same way as for the Approved options.

Options over an aggregate of 3,850,000 shares were granted under the Share Scheme during the year (2020: 3,935,000), which were all granted as Unapproved options (2020: all granted as Unapproved options). All options were granted with an exercise price per share equal to the share price prevailing at the time of grant.

The 3,425,000 Unapproved options issued to employees on 21 September 2020 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 300,000 Unapproved options issued to employees on 25 January 2021 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 125,000 Unapproved options issued to employees on 9 March 2021 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The fair value of the services provided by employees has been calculated indirectly by reference to the fair value of the equity instruments granted. Fair value amounts for the options granted in the year ended 31 March 2021, and for which a charge to profit or loss was made in the year, were determined using a Black-Scholes option-pricing method and the following assumptions:

Model input	Weighted average value
Share price	39.1p
Dividend yield	7.23%
Exercise price	39.1p
Expected volatility	35%
Option life	2.5 years
Risk-free interest rate (%)	0.10%

Expected volatility is based on historical volatility.

The Group share-based payment expense in respect of the Share Scheme was £181,095 for the year ended 31 March 2021 (2020: £83,799).

Notes to the financial statements continued

For the year ended 31 March 2021

23. Share-based payments continued

b. The Record plc Share Scheme continued

Outstanding share options

At 31 March 2021, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 11,844,421 (2020: 11,895,515). These deferred share awards and options are over issued shares, a proportion of which are hedged by shares held in an EBT. Details of outstanding share options awarded to employees are set out below:

Date of grant	At 1 April 2020	Granted	Exercised	Lapsed/ forfeited	At 31 March 2021	Earliest vesting date	Latest vesting date ¹	Exercise price
01/12/15	600,000	—	—	(600,000)	—	01/12/20	01/12/20	£0.2888
27/01/16	106,250	—	(106,250)	—	—	27/01/20	27/01/20	£0.2450
27/01/16	244,064	—	(244,064)	—	—	27/01/20	27/01/20	£0.2450
27/01/16	109,167	—	—	(109,167)	—	27/01/21	27/01/21	£0.2450
27/01/16	24,167	—	—	(24,167)	—	27/01/21	27/01/21	£0.2450
30/11/16	288,574	—	(198,574)	—	90,000	30/11/20	30/11/20	£0.34072
30/11/16	695,000	—	(632,500)	—	62,500	30/11/19	30/11/20	£0.34072
30/11/16	1,466,668	—	—	(733,332)	733,336	30/11/20	30/11/21	£0.34072
26/01/18	1,310,000	—	—	(42,500)	1,267,500	26/01/22	26/01/22	£0.4350
26/01/18	236,625	—	(78,875)	(30,000)	127,750	26/01/20	26/01/22	£0.4350
26/01/18	52,000	—	—	(17,333)	34,667	26/01/21	26/01/23	£0.4350
26/01/18	1,933,000	—	—	(644,332)	1,288,668	26/01/21	26/01/23	£0.4350
29/03/19	525,000	—	—	(65,000)	460,000	29/03/23	29/03/23	£0.2830
29/03/19	370,000	—	(92,500)	—	277,500	29/03/20	29/03/23	£0.2830
21/08/19	1,985,000	—	—	—	1,985,000	21/08/22	21/08/24	£0.3110
18/03/20	1,950,000	—	(32,500)	(250,000)	1,667,500	18/03/21	18/03/24	£0.28902
21/09/20	—	3,425,000	—	—	3,425,000	21/09/21	21/09/24	£0.3730
25/01/21	—	300,000	—	—	300,000	25/01/22	25/01/25	£0.49425
09/03/21	—	125,000	—	—	125,000	09/03/22	09/03/25	£0.63986
Total options	11,895,515	3,850,000	(1,385,263)	(2,515,831)	11,844,421			
Weighted average exercise price of options	£0.34	£0.39	£0.43	£0.34	£0.36			

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

During the year 1,385,263 options were exercised. The weighted average share price at date of exercise was £0.43. At 31 March 2021 a total of 701,375 options had vested and were exercisable (2020: 869,189). At 31 March 2021 the weighted average exercise price of the options vested and exercisable was £0.31 (2020: £0.30) and the weighted average contractual life was two years (2020: three years).

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

	Ordinary shares held as at	
	31 March 2021	31 March 2020
Record plc Group Profit Share Scheme (interest in restricted share awards)		
Leslie Hill	379,841	613,458
Bob Noyen (stepped down from the Board of Record plc on 5 February 2021)	277,568	311,296
Steve Cullen	75,849	142,648
Record plc Share Scheme (interest in unvested share options)		
Leslie Hill	945,001	1,405,001
Bob Noyen (stepped down from the Board of Record plc on 5 February 2021)	945,001	1,405,001
Steve Cullen	526,668	935,000

Performance measures

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

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

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

Approved options issued to all other staff prior to 1 April 2017 were subject to performance measures linked to the Group's Total Shareholder Return ("TSR") and vested on the fourth anniversary of the date of grant, subject to these measures. At vesting date, a percentage of the total options granted could vest based upon Record's TSR performance versus the median TSR performance as measured against the FTSE 350 General Financial – Price Index. Options awarded subject to TSR performance conditions were valued using a Black-Scholes model.

The performance target table is given below:

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

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

Clawback provisions

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

c. The Record plc Share Incentive Plan

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

As an incentive to employees, the Group matches every two shares bought by employees with a free matching share. During the year, the Group awarded 33,971 matching shares (2020: 54,935 matching shares) to employees. The expense charged in respect of the SIP was £11,797 in the year ended 31 March 2021 (2020: £17,058).

There are no restrictions over shares issued under the Record Share Incentive Plan.

Notes to the financial statements continued

For the year ended 31 March 2021

23. Share-based payments continued

d. The Record plc Jointly Owned Share Plan ("JSOP")

Equity-settled share-based payments

At inception the employee is required to pay the Employee Benefit Trust ("EBT") for the market value of the participation interest, and the employing subsidiary has agreed to bear the expense of 50% of the amount due. The participation interest paid over at inception is non-refundable, regardless of whether the hurdle is reached. Therefore the amount paid by the employing subsidiary is expensed at inception.

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

During the year, the Group introduced the JSOP scheme, under which a set number of ordinary shares are held jointly by the participant and the EBT. Under the terms of the JSOP agreement, the participant holds the beneficial interest in the future growth of the shares above the hurdle, whilst the trustee is entitled to the value up to the hurdle; the hurdle being the market price upon grant date. Upon vesting, the participant is entitled to receive the growth in value of the shares above the hurdle, which is settled in shares priced at market value on the vesting date.

The fair value of the JSOP award is measured at grant date using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted including any performance conditions, and using quoted share prices.

The 2,375,000 shares over which a JSOP agreement was entered into on 21 September 2020 will each vest in four equal tranches on the first, second, third and fourth anniversary of the date of award, subject to the employee being in employment with the Group at the relevant vesting date.

The 125,000 shares over which a JSOP agreement was entered into on 9 March 2021 will each vest in four equal tranches on the first, second, third and fourth anniversary of the date of award, subject to the employee being in employment with the Group at the relevant vesting date.

The fair value of the services provided by employees has been calculated indirectly by reference to the fair value of the equity instruments granted. Fair value amounts for the JSOP awards granted in the year ended 31 March 2021, and for which a charge to profit or loss was made in the year, were determined using a Black-Scholes option-pricing model and the following assumptions:

Model input	Weighted average value
Share price	38.6p
Dividend yield	7.38%
Exercise price	38.6p
Expected life (years)	35%
Volatility	2.5 years
Risk-free rate	0.11%

Expected volatility is based on historical volatility.

At 31 March 2021, the total number of ordinary shares of 0.025p outstanding under the Record plc JSOP was 2,500,000. These shares are jointly owned and are ring-fenced within the EBT. The JSOP award vests immediately on the vesting date, and the participant is entitled to any value over the hurdle, the trustee is then entitled to the value up to the hurdle.

Date of grant	At 1 April 2020	Granted	Exercised	Lapsed/forfeited	At 31 March 2021	Earliest vesting date	Latest vesting date	Hurdle
21/09/2020	—	2,375,000	—	—	2,375,000	21/09/2021	21/09/2024	£0.3730
09/03/2021	—	125,000	—	—	125,000	09/03/2021	09/03/2025	£0.63986
Total JSOP awards	—	2,500,000	—	—	2,500,000			
Weighted average exercise price of options	—	£0.3863	—	—	£0.3863			

No JSOP awards vested during the year. There are no Directors' interests in the JSOP scheme.

No performance measures are attached to the JSOP.

The JSOP scheme rules contain clawback provisions allowing re-transfer of the participant's interest and/or any vested shares for nil consideration under certain circumstances including a material breach of contract or an error in performance of duties.

24. Financial risk management

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

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

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

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

The Company's material financial instruments are investments in the seed funds, cash and cash equivalents, and balances due to/from Group undertakings. Intercompany balances are classified as loans and receivables and are repayable on demand. No interest is charged on these balances. The Group has sufficient cash resources and hence management does not believe that the Company has a material exposure to credit risk. The Company's financial risk is managed as part of the Group financial risk management process and therefore separate disclosures for the Company have not been provided. Market risk is not considered to have a material impact on financial instruments, neither is it one of the Group's principal risks, however the second order effects of market movements are discussed on page 38.

Credit risk

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

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

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

The impact of covid-19

The quality of our clients and banking counterparties is reflected in the business having not suffered from any credit default for over 20 years through various market crises and cycles, and we do not anticipate this changing under the current circumstances.

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

	2021 £'000	2020 £'000
Financial assets at 31 March		
Trade receivables	6,519	5,192
Accrued income	37	2,264
Other receivables	470	308
Derivative financial assets	260	193
Money market instruments with maturities > 3 months	13,613	7,958
Cash and cash equivalents	6,166	14,294
Total financial assets	27,065	30,209

The debtors' age analysis is also evaluated on a regular basis for expected credit losses. It is management's opinion that there is no requirement to provide for any expected credit losses. The table below is an analysis of trade receivables and accrued income by due date:

	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
At 31 March 2021				
Trade receivables	6,519	6,519	—	—
Accrued income	37	37	—	—
Total	6,556	6,556	—	—
		100%	0%	0%

Notes to the financial statements continued

For the year ended 31 March 2021

24. Financial risk management continued

The impact of covid-19 continued

At 31 March 2020	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	5,192	5,041	5	146
Accrued income	2,264	2,264	—	—
Total	7,456	7,305	5	146
		98%	0%	2%

The Group offers standard credit terms of 30 days from invoice date. It is the Group's policy to assess debtors for expected loss on an individual basis and to make a provision where it is considered necessary. In assessing recoverability, the Group takes into account any indicators of impairment up to the reporting date. The application of this policy generally results in debts that are past due not being provided for unless individual circumstances indicate that a debt is impaired.

Trade receivables are made up of 82 debtors' balances (2020: 62). The largest individual debtor corresponds to 15% of the total balance (2020: 15%). Debtor days, based on the generally accepted calculation of debtor days, is 94 days (2020: 74 days). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2021, 0% of debt was overdue (2020: 2%). No debtors' balances have been renegotiated during the year or in the prior year.

Liquidity risk

The Group is exposed to liquidity risk, namely that it may be unable to meet its payment obligations as they fall due. The Group maintains sufficient cash and marketable securities to be able to meet all such obligations. Management review cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet the future working capital requirements and to take advantage of business opportunities. The average creditor payment period is 29 days (2020: 29 days).

The impact of covid-19 has been considered, and management believe that the Group's ability to meet its obligations is unaffected.

Contractual maturity analysis for financial liabilities

At 31 March 2021	Carrying amount £'000	Due or due in less than 1 month £'000	Due between 1 and 3 months £'000	Due between 3 months and 1 year £'000
Trade payables	384	191	30	163
Accruals	2,538	420	809	1,309
Derivative financial liabilities	16	6	10	—
Total	2,938	617	849	1,472

At 31 March 2020	Carrying amount £'000	Due or due in less than 1 month £'000	Due between 1 and 3 months £'000	Due between 3 months and 1 year £'000
Trade payables	425	425	—	—
Accruals	2,130	67	1,793	270
Derivative financial liabilities	610	148	462	—
Total	3,165	640	2,255	270

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest-bearing financial assets and liabilities held by the Group. Interest-bearing assets comprise money market instruments and cash and cash equivalents which are considered to be short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and the Group does not therefore incur interest on overdue balances.

A sensitivity analysis has not been disclosed for the impact of interest rate changes as any reasonable range of change in interest rate would not directly have a material impact on profit or equity.

Interest rate profiles

	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
At 31 March 2021				
Financial assets				
Trade receivables	—	—	6,519	6,519
Accrued income	—	—	37	37
Other receivables	—	—	470	470
Derivative financial assets at fair value through profit or loss	—	—	260	260
Money market instruments with maturities > 3 months	12,932	—	—	12,932
Cash and cash equivalents	682	6,165	—	6,847
Total financial assets	13,614	6,165	7,286	27,065
Financial liabilities				
Trade payables	—	—	(384)	(384)
Accruals	—	—	(2,538)	(2,538)
Lease liability	—	—	(539)	(539)
Derivative financial liabilities at fair value through profit or loss	—	—	(16)	(16)
Financial liabilities	—	—	(1,696)	(1,696)
Total financial liabilities	—	—	(5,173)	(5,173)
At 31 March 2020				
Financial assets				
Trade receivables	—	—	5,191	5,191
Accrued income	—	—	2,264	2,264
Other receivables	—	—	308	308
Derivative financial assets at fair value through profit or loss	—	—	193	193
Money market instruments with maturities > 3 months	7,958	—	—	7,958
Cash and cash equivalents	6,271	8,023	—	14,294
Total financial assets	14,229	8,023	7,956	30,208
Financial liabilities				
Trade payables	—	—	(425)	(425)
Accruals	—	—	(2,130)	(2,130)
Lease liability	—	—	(544)	(544)
Derivative financial liabilities at fair value through profit or loss	—	—	(610)	(610)
Financial liabilities	—	—	(2,191)	(2,191)
Total financial liabilities	—	—	(5,900)	(5,900)

Foreign currency risk

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

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

Notes to the financial statements continued

For the year ended 31 March 2021

24. Financial risk management continued

Foreign currency risk

During the year ended 31 March 2021, the Group invoiced the following amounts in currencies other than sterling:

	2021		2020	
	Local currency value £'000	Value in reporting currency £'000	Local currency value £'000	Value in reporting currency £'000
Swiss franc (CHF)	13,375	11,072	14,416	11,533
US dollar (USD)	13,185	9,912	9,217	7,274
Euro (EUR)	3,185	3,828	3,028	2,644
Australian dollar (AUD)	838	467	1,520	804
Canadian dollar (CAD)	1,238	719	742	436
Swedish krona (SEK)	672	49	1,436	101
Singapore dollar (SGD)	14	8	25	14

The value of revenues for the year ended 31 March 2021 that were denominated in currencies other than sterling was £24.7 million (31 March 2020: £22.8 million).

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

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

The cash denominated in currencies other than sterling (refer to note 18) is covered by the Group's hedging process, therefore the Directors consider that the foreign currency risk on cash balances is not material.

Foreign currency risk – sensitivity analysis

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

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Sterling weakening by 10% against the dollar	489	334	489	334
Sterling strengthening by 10% against the dollar	(489)	(334)	(489)	(334)
Sterling weakening by 10% against the Swiss franc	551	622	551	622
Sterling strengthening by 10% against the Swiss franc	(551)	(622)	(551)	(622)

Sterling/US dollar exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis and market expectations for future movement. When applied to the average sterling/USD exchange rate of £1 = \$1.32 this would result in sterling weakening to £1 = \$1.20 and sterling strengthening to £1 = \$1.46.

Sterling/Swiss franc exchange rate

The impact of a change of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historical basis and market expectations for future movement. When applied to the average sterling/CHF exchange rate of £1 = CHF 1.21 this would result in sterling weakening to £1 = CHF 1.10 and sterling strengthening to £1 = CHF 1.35.

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

Concentration risk

The Group is exposed to concentration risk in respect of product, client type and geographical location, which could lead to over-reliance on any one category of revenue. Note 4 provides detail on clients contributing greater than 10% of revenue. Mitigating activities are detailed in the Risk management section on page 46.

Concentration risk – sensitivity analysis

The Group has considered the impact of losing the Group's largest client, assuming that only variable remuneration costs can be reduced in the short term.

	Impact on profit after tax for the year ended 31 March		Impact on total equity as at 31 March	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Loss of largest client	2,352	2,214	2,352	2,214

As part of the Group's ICAAP process, several more severe scenarios are considered.

25. Fair value measurement

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

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

The level within which the financial asset or liability is classified is determined based on the lowest level of input to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	2021 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Impact bonds	2,199	2,199	—	—
Forward foreign exchange contracts used by seed funds	215	—	215	—
Foreign exchange options used by seed funds	45	—	45	—
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	—	—	—	—
Forward foreign exchange contracts used by seed funds	(16)	—	(16)	—
Total	2,443	2,199	244	—
	2020 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Impact bonds	2,472	2,472	—	—
Forward foreign exchange contracts used by seed funds	178	—	178	—
Foreign exchange options used by seed funds	15	—	15	—
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(316)	—	(316)	—
Forward foreign exchange contracts used by seed funds	(294)	—	(294)	—
Total	2,055	2,472	(417)	—

There have been no transfers between levels in the reporting period (2020: none).

Basis for classification of financial instruments classified as level 1 within the fair value hierarchy

Impact bonds are classified as level 1. These bonds are valued using the market price and coupon rate.

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

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

Notes to the financial statements continued

For the year ended 31 March 2021

25. Fair value measurement continued

Classes and fair value of financial instruments

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

Categories of financial instrument

	Note	Assets at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
At 31 March 2021					
Impact bonds	14	—	—	2,199	—
Trade and other receivables (excludes prepayments)	16	7,027	—	—	—
Money market instruments with maturities > 3 months	18	12,932	—	—	—
Cash and cash equivalents	18	6,847	—	—	—
Derivative financial assets at fair value through profit or loss	17	—	—	260	—
Trade payables	19	—	(384)	—	—
Accruals	19	—	(2,540)	—	—
Derivative financial liabilities at fair value through profit or loss	17	—	—	—	(16)
Total		26,806	(2,924)	2,459	(16)
At 31 March 2020					
Impact bonds	14	—	—	2,472	—
Trade and other receivables (excludes prepayments)	16	7,764	—	—	—
Money market instruments with maturities > 3 months	18	7,958	—	—	—
Cash and cash equivalents	18	14,294	—	—	—
Derivative financial assets at fair value through profit or loss	17	—	—	193	—
Trade payables	19	—	(425)	—	—
Accruals	19	—	(2,130)	—	—
Derivative financial liabilities at fair value through profit or loss	17	—	—	—	(610)
Total		30,016	(2,555)	2,665	(610)

26. Related parties transactions

Company

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

Transactions with subsidiaries

The Company's subsidiary undertakings are listed in note 14, which includes a description of the nature of their business.

	2021 £'000	2020 £'000
Amounts due from subsidiaries	1,265	132
Net dividends received from subsidiaries	5,270	6,030

Amounts owed to and by related parties will be settled in cash. No guarantees have been given or received. No provisions for doubtful debts have been raised against amounts outstanding (2020: £nil). No expense has been recognised during the year in respect of bad or doubtful debts due from related parties.

Disposal of interest in Trade Record

On 21 December 2020, Record plc disposed of its 40% shareholding in the ordinary share capital of Trade Record Ltd. Proceeds of the disposal amounted to £120,000 which equated to the Company's total investment at cost.

Group

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

Key management personnel compensation

	2021 £'000	2020 £'000
Short-term employee benefits	6,214	5,627
Post-employment benefits	309	242
Share-based payments	949	909
Total	7,472	6,778

Key management personnel dividends

The dividends paid to key management personnel in the year ended 31 March 2021 totalled £3,028,563 (2020: £3,113,776).

Directors' remuneration

	2021 £'000	2020 £'000
Emoluments (excluding pension contribution)	2,015	2,328
Pension contribution (including payments made in lieu of pension contributions)	125	163
Total	2,140	2,491

During the year, one Director of the Company (2020: one) participated in the Group Personal Pension Plan, a defined contribution scheme. Further detail on Directors' remuneration is provided in the Remuneration report on pages 70 to 85, including detail on payments made to Directors for loss of office.

James Wood-Collins left the Board of Directors on 13 February 2020 and left the Group on 13 August 2020 after working his six-month notice period. Payments from 1 April to 13 August were £287,804. These payments comprise £105,201 salary, £16,306 cash in lieu of pension, £343 medical benefits, £68,954 short-term incentives (GPS cash) and £97,000 for loss of office. No other payments were made to former Directors.

During the period, the Trustee of the Record plc EBT entered into a trading plan with the Company in connection with the launch of the JSOP, the new share-based incentive scheme. On 21 September 2020, the EBT acquired four million ordinary shares from Neil Record (Non-executive Chairman of the Company) at a market price of 37.30 pence per ordinary share, equating to a total consideration of £1,492,000.

Transactions with seed funds

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

Record Currency – Strategy Development Fund and Record – Currency Multi-Strategy Fund are all related parties on this basis.

During the year, Record plc Directors Leslie Hill and Bob Noyen redeemed £167,063 and £256,989 respectively from the Record – Currency Multi-Strategy Fund.

Notes to the financial statements continued

For the year ended 31 March 2021

27. Capital management

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

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

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

	2021 £m	2020 £m
Regulatory capital	9.4	9.4
Other operating capital	15.5	16.5
Operating capital	24.9	25.9
Seed capital	1.9	2.1
Total capital	26.8	28.0

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

Seed capital is the capital deployed to support the growth of new funds. Seed capital is limited to 25% of the Group's total capital.

For regulatory capital purposes, Record plc is subject to consolidated financial supervision by the Financial Conduct Authority ("FCA"). Our regulatory capital requirements are in accordance with FCA rules and consistent with the Capital Requirements Directive. Our financial resources have exceeded our financial resource requirements (regulatory capital requirements) at all times during the year. Further information is provided in the Financial review on page 41.

28. Ultimate controlling party

As at 31 March 2021 the Company had no ultimate controlling party, nor at 31 March 2020.

29. Post-reporting date events

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

Five year summary

Year ended 31 March	Restated		Audited		2021 £'000
	2017 £'000	2018 £'000	2019 £'000	2020 £'000	
Management fees	22,718	23,497	22,308	23,133	24,878
Performance fees	—	—	2,333	1,819	81
Other revenue	234	337	332	611	453
Revenue	22,952	23,834	24,973	25,563	25,412
Cost of sales	(298)	(311)	(385)	(255)	(399)
Gross profit	22,654	23,523	24,588	25,308	25,013
Operating expenses	(15,067)	(16,424)	(16,704)	(17,741)	(18,934)
Other income/(expenditure)	157	173	(8)	82	41
Operating profit	7,744	7,272	7,876	7,649	6,120
Net interest	112	56	113	88	33
Profit before taxation	7,856	7,328	7,989	7,737	6,153
Taxation	(1,540)	(1,182)	(1,559)	(1,365)	(802)
Profit after taxation	6,316	6,146	6,430	6,372	5,351
Basic EPS (pence)	2.91	3.03	3.27	3.26	2.75
Ordinary dividend (pence)	2.00	2.30	2.30	2.30	2.30
Special dividend (pence)	0.91	0.50	0.69	0.41	0.45

Information for shareholders

Record plc

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

Registered office

Morgan House
Madeira Walk
Windsor
Berkshire
SL4 1EP
United Kingdom

Tel: +44 (0)1753 852 222
Fax: +44 (0)1753 852 224

Principal UK trading subsidiaries

Record Currency Management Limited

Registered in England and Wales
Company No. 1710736

Record Group Services Limited

Registered in England and Wales
Company No. 1927639

Both principal UK trading subsidiaries are based in Windsor.

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

Dates for 2021 dividend

Ex-dividend date	1 July 2021
Record date	2 July 2021
Annual General Meeting	27 July 2021
Final dividend payment date	10 August 2021

Registrar

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Further information about the Registrar is available on their website
www.linkgroup.eu

Definitions

“AIFMD”	Alternative Investment Fund Managers Directive
“Articles”	The Articles of Association of the Company
“AUME”	Assets Under Management Equivalents
“Board”	Company’s Board of Directors
“bps”	Basis point = 100th of a per cent
“Companies Act”	Every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the Company
“Company”	Record plc
“\$” or “dollars”	All references to dollars or \$ symbol are to the currency of the US unless stated otherwise
“EBT”	Employee Benefit Trust
“EM”	Emerging Markets
“EPS”	Earnings per share
“ESG”	Environmental, social and governance
“ETF”	Exchange traded fund
“EU”	European Union
“FRB”	Forward Rate Bias
“Group” or “Record”	The Company and/or any one of its subsidiary undertakings
“IAS”	International Accounting Standards
“IFRS” or “IFRSs”	International Financial Reporting Standards
“IPO”	Initial Public Offering
“KPI”	Key Performance Indicator
“KRI”	Key Risk Indicator
“LGPS”	Local Government Pension Schemes
“London Stock Exchange”	London Stock Exchange plc
“MiFID”	Markets in Financial Instruments Directive
“Official List”	The official list of the Financial Conduct Authority
“TIPS”	US government treasury inflation protected securities
“US”	United States of America

AUME definition

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

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



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